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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR 1995

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BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS

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Subcommittee Staff

PART 2

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RELATED AGENCY:
Panama Canal Commission 73

AUG 4 1994

Printed for the use of the Committee on Appropriations

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HEARINGS

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR 1995

WEDNESDAY, MARCH 2, 1994.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

WITNESSES

STANFORD E. PARRIS, ADMINISTRATOR

EDWARD MARGOSIAN, COMPTROLLER

LOUISE FRANKEL STOLL, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, OFFICE OF THE SECRETARY, DEPARTMENT OF TRANSPORTATION

OPENING REMARKS

Mr. CARR. Good morning. Today, the Committee is going to hear testimony from the Saint Lawrence Seaway Development Corporation.

We are pleased to welcome back our former colleague, Stan Parris as the Administrator of the Saint Lawrence Seaway Development Corporation. Welcome Stan.

Mr. PARRIS. Thank you.

Mr. CARR. The budget request for the corporation in fiscal year 1995 is $10,271,000, a decrease of $494,000, or 4.6 percent below 1994. This represents one of the few reductions proposed for activities in the Department of Transportation in 1995.

I understand the Administrator has a novel proposal to make as a means of trying to live within the tight budget, and we are going to be interested in hearing your proposal. And with that, Stan, would you like to proceed? Your statement will be included in the record, and if you have a few high points you want to summarize we will be glad to hear them at this time.

Mr. PARRIS. I appreciate that very much, Mr. Chairman, and let me introduce the lady who has just joined us—as you are aware. This is Louise Stoll, Assistant Secretary for Budget for the Department. And the gentleman on my right comes from upstate New York to this wonderful weather we are having today. Mr. Ed Margosian is our Comptroller for the organization.

As you have suggested, I will submit simply for the record the complete statement and just make a very brief oral statement, Mr. Chairman, and, obviously, respond to any questions you may have.

BUDGET REQUEST

You have indicated in your initial remarks the program level of the request this year is—submitted for your consideration—is $12 million, which is, as I have said so many times, is probably the least controversial and the smallest amount of money, but we think a very important segment of your responsibilities and ours.

The number involved will be $10.7 million to fund operating costs, a million dollars for capital projects and, out of reserves which we maintain for emergencies, $300,000 for deteriorating concrete conditions in one of the locks. The program does provide for employee pay raises for annualization and inflation.

As you have indicated, it is a net decrease, and we are very proud of the fact, of about 5 percent. In terms of real dollars adjusted for inflation, the decrease is 7 percent from 1994. It has been adjusted for a 6 percent reduction in administrative expenses, reduction of FTEs, in addition to reductions in capital expenditures, contractual services, supplies and materials.

We propose or request that the budget authority be approved at $10.3 million from the Harbor Maintenance Trust Fund, $1.4 million from non-federal revenues, which the corporation generates, and $300,000 from corporation financial reserves, as I just indicated.

Very much like the federal budget, Mr. Chairman, which you are very familiar with and which I used to be, in terms of entitlements, about 78.6 percent of our total expenditures are employee compensation and direct benefits, so that discretionary spending in our service corporation format is limited to something in the vicinity of 21, 22 percent of our total expenditures. So there is not a lot of discretionary opportunities in there.

CAPITAL INVESTMENTS

The capital investments, Mr. Chairman, are anticipated to be a million dollars, and in that are the continuation of the emergency response equipment, which we maintain and supply, buoys, the paving and drainage improvements at the locks and other corporation facilities, radio telephone lines, installation of a differential GPS radiobeacon site, which will be fully operational in the GPS category very shortly, and ongoing GPS technologies of one kind or another.

NAVIGATION SEASON OF 1993

We have had a very successful 1993 navigation season, Mr. Chairman. U.S. imports and exports with overseas markets represented a 15 percent increase over 1992. Trade with Canada increased 30 percent. The combined total of both Canadian and overseas trade through the Seaway reflected a 20 percent increase for 1993.

We think that with anticipated economic recovery in both nations, our neighbors to the north and in the United States, particularly in automotive and steel production, we can look forward to the transit of additional steel products along with agriculture products, machinery products, clay, ores and bulk raw products, along with others.

PROPOSAL TO WAIVE SEAWAY TOLLS

I will make one comment, Mr. Chairman, and that is the legislative initiative, which you alluded to in your remarks, is under consideration in the Secretary's office, and we are hopeful that they will find favor with that proposal.

As you know, since about 1987, we have waived the right to retain tolls earned by the Seaway through the operation of the system. But the Canadian Government keeps about $60 million. We generate something in the vicinity of $10 million a year, which is deferred to us, which we then transfer to the Treasury Department, which then rebates it back to the shippers so that the use of the portion of the system owned, operated and maintained by us is revenue neutral.

We think that is a little torturous, a little, frankly, unnecessary. It does not serve well the needs of the industry. We think it creates an unnecessary bureaucracy and is expensive to administer and just—very honestly, just doesn't make an awful lot of sense.

So what we have suggested is that we consider the possibility of simply taking some legislative initiative that would waive—in the discretion of the Secretary or whatever provision that seems to be appropriate—that we waive totally the collection of those fees. And it would appear that every person of interest seems to think that that makes a lot of sense. And we will, hopefully, be bringing that proposal to you and to your attention in the near future in the hopes that you can find it in favor as well.

Mr. CARR. Thank you, Stan. You do a good job.

[The prepared statement of Stan Parris follows:]

Statement by Administrator Stanford E. Parris
Saint Lawrence Seaway Development Corporation
Before the Subcommittee on Transportation
Committee on Appropriations
March 2, 1994

The Corporation's FY 1995 Budget projects a program level of $12.0 million. This includes $10.7 million to fund operating costs, $1.0 million for capital projects and equipment acquisitions, and $0.3 million to repair deteriorated concrete in the lock chamber of Eisenhower Lock. The FY 1995 program provides for pay raises, annualization and inflation. However, the total program is a net decrease of $0.6 million or 5% from FY 1994. In terms of real dollars adjusted for inflation, the decrease is 7% from FY 1994. The budget has been adjusted for a 6% reduction in administrative expenses, a reduction of six FTE's, and additional reductions in capital expenditures, contractual services, and supplies and materials.

The Corporation proposes to fund the FY 1995 program level from new budget authority of $10.3 million from the Harbor Maintenance Trust Fund, $1.4 million from non-federal revenues, and $0.3 million from Corporation financial reserves.

As part of its service commitment to shippers, the Seaway operates 24 hours a day during the navigation season, which normally runs from late March to late December. Transportation service is especially time sensitive and any delays impact vessel profitability. Thus, the Corporation is staffed and its operating budget is programmed to provide vessels with timely and safe transits through the waterway.

Capital Investments

Corporation obligations for capital projects and equipment acquisitions in FY 1995 are projected at $1.0 million. Included in the FY 1995 program are: the continuation of the replacement of emergency response equipment, buoys, paving and drainage improvements at the locks and other Corporation facilities; replacement of radio telephone lines; and installation of a differential GPS radiobeacon site for the ongoing global positioning system project.

Extraordinary Concrete Repair

FY 1995 is the second year of an estimated three-year $0.9 million project to repair deteriorated concrete at the bottom of the Eisenhower Lock chamber as identified by a 1991 Corps of Engineers Structural Evaluation Study. $0.3 million from the Corporation's financial reserves is budgeted for this work in FY 1995.

1993 Navigation Season

United States imports and exports with overseas markets posted a 15% increase in metric tonnage over 1992. Trade with Canada increased 30%. The combined total of both Canadian and overseas trade with the U.S. through the Seaway reflected a 20% increase for 1993. Overall Seaway tonnage volume of 31.9 million metric tons (U.S. and Canadian combined) represented a 2% increase over 1992.

Economic recovery in the U.S. and Canada, particularly in U.S. automotive and steel production, accounts for the majority of the improvement in iron ore and iron and steel products, along with increases in agricultural and machinery products, clay, ores and bulk raw materials cargoes.

Safety/Environment

Vessel Screening Program:
Beginning with the 1993 Seaway navigation season, the Corporation relocated its foreign-flagged vessel screening program to Montreal, Quebec, Canada. In 1992, the Corporation and the U.S. Coast Guard began joint screenings at the U.S. Snell Lock in Massena, N.Y. The program is designed to ensure that foreign vessels entering the St. Lawrence Seaway are in compliance with U.S. safety and environmental protection laws before entering U.S. waters.

The relocation of the screening program now allows for vessels to quickly correct any safety deficiencies in Montreal before entering U.S. waters. The information from the screening is entered into the U.S. Coast Guard's nationwide computer database on foreign-flagged vessels.

Safety items that are checked by Corporation Operations employees on behalf of the U.S. Coast Guard include vessel construction and standard safety equipment, ballast water, radio telecommunications, certificates of financial responsibility, and navigational charts and logs.

During FY 1993, 159 foreign vessels were inspected under the program either in Massena (Oct.-Dec. 1992) or in Montreal (April-Sept. 1993).

Global Positioning System (GPS):
At the start of the 1993 navigation season, the Corporation used new Global Positioning System (GPS) technology for the positioning of its floating navigation aids along the St. Lawrence River. Future applications of GPS on the Seaway include vessel tracking, ship navigation, sweeping and dredging support, and structural surveying. The program is coordinated closely with the Canadian Seaway Authority and the U.S. and Canadian Coast Guard agencies.

Emergency Response Plan Simulation:
On August 21, the Corporation co-sponsored with the Jefferson County (N.Y.) Emergency Management Office the largest emergency response exercise ever conducted along the St. Lawrence River in Alexandria Bay, N.Y.

The exercise involved more than 250 participants from 45 U.S. and Canadian local, state, provincial, and federal agencies and environmental groups designated in the Corporation's Emergency Response Plan. Also on hand were the Transportation Secretary's Chief of Staff, the Acting Administrator of the Research and Special Programs Administration (RSPA), and the Director of RSPA's Office of Emergency Transportation.

The scenario followed by the participants involved the collision of a tanker and a tour boat near Alexandria Bay. After the collision, injured personnel had to be evacuated and the spillage of a hazardous liquid had to be contained through simulations.

Lake Ontario Water Level:
In May, the Corporation joined in a cooperative effort with the International Joint Commission (IJC) to reduce record-high water levels on Lake Ontario which threatened shoreline property. This effort entailed substantially increasing water flows on the St. Lawrence River during a number of designated 24-hour periods.

The flows required were so high (385,000 cubic feet per second) that navigation had to be curtailed during these periods. By early June, this effort did succeed in helping the levels on Lake Ontario return to normal, with minimal disruption to shipping.

To offset inconveniences incurred by some ship operators, the Seaway entities in August agreed to waive the imposition of 1993 operational surcharges on vessels that fail to report on time for final passage through the Seaway's Montreal-Lake Ontario section in December 1993.

Canals and Waterways Meeting:
On June 30 and July 1 in London, the Corporation sponsored the first-ever International Canals and Waterways Chief Executive Officers' Meeting.

The canals and waterways which participated in the two-day meetings were: Saimaa Canal, Finland; Suez Canal, Egypt; Trollhatte Canal, Sweden; The Danube River Basin Commission, Hungary; Straits of Bosphorus and Dardanelles, Turkey; Tiete Parana, Brazil; and the Corinth Canal, Greece.

Safety, environmental issues and new technologies were the principal discussion topics. The participants were so pleased with the meetings that they suggested it be held on a regular basis.

Customer Service

Increased Vessel Draft:
From April 15 through December 15, 1993, vessel drafts were increased from the regulation 26 feet to 26'1" for upbound (west) vessels and 26'3" for downbound (east) vessels. This was the third year of experimental draft increases which enable vessels to increase tonnage carried by an average 100 tons per inch of increased draft. Thirty eight vessels utilized increased drafts in 1991, 200 in 1992, and 441 during 1993.

Increased Vessel Beam:
Current Seaway regulations prohibit transit of vessels in excess of 76 foot beam. In the interest of increasing vessel capacity, similar to draft increases, the Corporation has initiated a permanent regulation change with the Canadian Authority to permit vessels transits of up to 78 foot beam on a routine basis. The vessel capacity increase per inch of beam is about 40 metric tons; however, we foresee the primary benefit as a stimulus to construction of new vessels to replace the existing and aging fleet.

U.S. Flag Vessels:
In July, the Corporation made minor modifications to bumper guards at the U.S. Eisenhower Lock to accommodate the passage of the first U.S.-flag vessels through the lock in four years. The two ships, AMERICAN MARINER and J.L. MAUTHE, loaded a total of 36,000 metric tons of grain for Russia at the Port of Toledo, Ohio. The AMERICAN MARINER was the first 78-foot wide cargo vessel to ever transit the U.S. locks, which are 80-feet wide but are normally restricted to transit by ships no wider than 76 feet.

Port "Pacesetter" Award:
An annual recognition program called "The Seaway Port Pacesetter Award", was established by the Corporation in early CY 1993 to spotlight U.S. Great Lakes ports that register increased international cargo traffic over the previous year.

Seaway ports which earned the 1992 award were: Toledo, OH; Green Bay, WI; Duluth, MN; Erie, PA; Oswego, NY; and Burns Harbor, IN. 1993 Pacesetter awards will go to: Cleveland, OH; Duluth, MN; Milwaukee, WI; Toledo, OH; Ogdensburg, NY; Oswego, NY; and Burns Harbor, IN.

Cost Containment

Toll Negotiations:
We are pleased to report that Tariff of Tolls negotiations between the Seaway Corporation and the Seaway Authority resulted in an agreement to freeze tolls at the 1993 level for the 1994 navigation season. During 1994 we plan to conduct a thorough reexamination of the Tariff for the 1995 season and beyond.

Toll negotiations also resulted in expansion of the incentive rebate program. Beginning in 1994 qualifying cargo will receive a rebate of 50% of applicable tolls during the entire navigation season. Further the rebates will be applied as a discount from toll invoices as they are issued, rather than having the customer wait until the next year for payment.

Incentive Tolls:
The third year of the incentive program reflected a continued good response by the industry. Estimated data for 1993 shows 3.4 million tons of cargo qualifying for the Volume Rebate of $1.1 million, and 1.6 million tons qualified for the New Business discount, earning $741,000.

As I noted before, the changes for the 1994 program which we initiated in the negotiations, will increase the level of rebate, make it easier to qualify for the rebates, and allow for immediate receipt of the discounts through the routine toll invoicing to the users.

Coal Toll Reduction:
In April, the Corporation and the Authority agreed to reduce the toll on coal from $1.10 to $0.65 per ton in order to stimulate increased coal traffic. This change was a factor in the Kennecott Energy Company's decision in September to ship 60,000 tons of low sulfur coal out of the Seaway Port of Superior, Wisconsin, to Spain.

"Newbuilding" Incentive:
In closing I would like to mention a new initiative we have undertaken to address the concerns of aging Seaway capable vessels and the need for replacement by traditional vessel owners and operators. Based on a carrier proposal to the Seaway entities, we are recommending to our Canadian counterpart that the Seaway entities offer newly-built vessels a 100% discount of applicable vessel and cargo tolls incurred for the first full year of Seaway operation, beginning in 1996 and running through 2001. The tolls discount would decline by 20% each year after the first; i.e., 80% in the second year, 60% in the third. After five years the "newbuilding" incentive toll reduction would no longer apply. The program would be available to vessels of any flag of operation in the domestic, crosslake or overseas trades.

The Corporation and the Seaway Authority have jointly issued letters to the port and pilot communities seeking their cooperation in offering service cost reductions similar to the toll reduction plan.

Looking ahead to the 1994 shipping season and beyond we will continue our initiatives for safety, environmental concerns, and trade development to benefit the international maritime community throughout the Great Lakes, and active and potential Seaway customers.

Vessel Insurance Premiums:
In July, the Corporation appealed to the Lloyd's of London Joint Hull Committee's Institute Warranties Subcommittee in London to lower Seaway vessel insurance premiums by 66 percent during the final month of the navigation season. The appeal was based on a formal presentation and report that showed navigation risks are no greater during the last month of the Seaway shipping season than during the rest of the season.

1994 Outlook

There is a great deal of optimism within the industry following the 1993 increase in tonnage and the successful Tariff of Tolls negotiations for 1994.

We anticipate 1994 tonnage volume at about the same level as 1993 with an outlook that depends on the sustained recovery in the U.S. and Canadian domestic economies, and the continued economic health of the iron and steel, automotive, and manufacturing industries throughout the Midwest. In addition, analysts seem more confident about recovery of Japanese and European economies.

The level of grain volume, particularly Canadian, is dependent on the reentry of Russia as a customer for grain sales overseas.

A plus sign for the season is the recent announcement that a new liner service, Orion Maritime, will be offering twice-monthly sailings through the Seaway linking the ports of Antwerp, Belgium, and Immingham, U.K., with the lake ports. Additional carrier competition generally generates more business for everyone.

Mr. Chairman this concludes my remarks. We would be pleased to answer any questions you may have.

LEGISLATIVE INITIATIVE ON WAIVING TOLLS

Mr. CARR. Those of us in the Great Lakes region appreciate the Seaway Corporation in a way, I suppose, few others do, and its maritime link to the world markets. We view it as a vital transportation system that benefits the entire Nation in that commodities that have grown in the great plains have an alternative port. We look at it as a seacoast, and your management is appreciated.

Mr. PARRIS. Thank you.

Mr. CARR. Since you mentioned your proposal, let me ask Assistant Secretary Stoll, have you had an opportunity to look at that proposal? Are you prepared to tell us whether you like it or not?

Ms. STOLL. We have discussed it informally, and in the course of developing the budget it was a proposal that came up. We think it is a good proposal to move forward. And I am not prepared to discuss the details with you today, but it certainly makes imminent sense, and when things make imminent sense they should have some push behind them.

Mr. CARR. Well, I am sure the shippers would appreciate it, so that their money is available for their use rather than the Treasury's use.

Will the administration be sending us a formal request?

Mr. PARRIS. No, Mr. Chairman. If I might, it is under consideration at the Secretary's level and with the appropriate authorities in the Department. My impression is that they are going to be prepared very shortly to take a position. It is probably one of those things that has not gotten to the top of the pile yet, but, hopefully, we can accelerate that process and get you that answer very shortly.

TOLLS AND REBATES

Mr. CARR. We have a number of questions for the record, and in the interest of time I am not going to ask them all. Mr. Administrator, let's discuss the current picture regarding the issues of toll rates and toll rebates. The Canadian government has announced that they will not increase tolls at all in the coming year, is that correct?

[The information follows:]

That is correct. We recently reached agreement with the Canadian Seaway Authority to freeze the Seaway Tariff of Tolls for 1994. The agreement also included continuation and expansion of the incentive tolls program, offering greater benefits to Seaway customers.

Mr. CARR. What about toll rebates? Is there some activity ongoing that might lead to the Canadians following the U.S. lead and provide for toll rebates for the locks it manages?

[The information follows:]

There is no formal indication from the Canadian Government that a rebate action similar to the U.S. process is under consideration. The public meetings on tolls which we sponsored during February 1994 have generated a great deal of attention on the issue of tolls elimination, but to date there has been no formal statement or reaction from the Canadians.

CANADIAN REPORT

Mr. CARR. In December 1992, a report entitled "The Future of the Great Lakes/St. Lawrence Seaway System" was drafted by five members of the Canadian House of Commons. The report contained 16 formal recommendations. Almost all of the recommendations were rejected. Is that correct?

[The information follows:]

That is correct. The subcommittee report was accepted in the Parliament and the Government's response was to favor implementation of two report recommendations, one covering a binational organization to address Seaway System competitiveness and viability and a second to study the cost-benefit of increased draft to 27 feet. We already have such an organization known as the Seaway Summit, chaired by the Corporation and the Seaway Authority, meeting quarterly with industry representatives. The increased draft study has been completed but not issued at this time.

Mr. CARR. What were some of the major issues addressed by the report and what is your understanding of the reasons for which the recommendations were rejected?

[The information follows:]

The report included a number of issues such as tolls, pilotage, season extension, grain movement problems associated with the Western Grain Transportation Act, and Seaway System capacity concerns. It is difficult to speculate, however, the impression from industry contacts is that the report included an array of complex issues which their government was just not prepared to deal with in total, at the time the report was made public.

CANADIAN GOVERNMENT TOLLS

Mr. CARR. Has the new Canadian government made any public pronouncements regarding the toll rebate issue?

[The information follows:]

To my knowledge there have been no public statements specific to the Seaway tolls issue, rebates or policy indications.

TOLL INCENTIVE PROGRAM

Mr. CARR. What are the final results and analysis of the 1991–1993 toll incentive program? Do you have any estimate of how much new business was generated by the effort?

[The information follows:]

We believe the incentive program was a resounding success and it will be expanded and continued during the 1994 shipping season. Since the program began in 1991, more than 3.6 million metric tons of cargo have qualified for the new business incentive, earning toll rebates of $1.2 million (Canadian). More than 7.5 million tons of cargo qualified for the volume incentive, earning toll rebates of $1.4 million (Canadian).

CORRECTIVE MEASURES

Mr. CARR. The general manager for the Port of Thunder Bay has suggested that without major corrective measures "the Seaway could become a large, beautiful and recreational canal by the end of the decade." He maintains that incentive tolls or reduced tolls merely nibble around the edges. How likely do you think it is that there will be "major corrective measures"?

[The information follows:]

We can only speculate as to the potential for major corrective measures by the Canadian Government. Canadian industry representatives have certainly become much more pro-active in seeking tolls elimination from their federal leaders. I want to remain optimistic that the new Canadian administration will give serious consideration to the Seaway tolls issue. It is possible that discussions during the NAFTA Summit will give us more insight.

GRAIN SHIPMENTS

Mr. CARR. How did grain shipments fare in fiscal year 1993 compared with the previous year or two?

[The information follows:]

U.S. Seaway grain exports for fiscal year 1993 were 5.2 million tons, a 48 percent increase over fiscal year 1992, and fiscal year 1992 was about 1 percent below fiscal year 1991.

Total Seaway grain tonnage (U.S. and Canada) for fiscal year 1993 was 10.9 million metric tons, a reduction of 17 percent from fiscal year 1992. Fiscal year 1992 tonnage was 10 percent below fiscal year 1991. The Canadian grain reductions over the past few years are a combination of declines in the export level to Russia, and the Canadian rail subsidies which encourage grain exports to West Coast ports because of the Western Grain Transportation Act.

RUSSIAN TRADE

Mr. CARR. Is one of the major problems facing the grain shippers the continuing economic ill health of Russia?

[The information follows:]

The Russian economic problems have particularly affected the Canadian grain markets along with the impact of the Western Grain Transportation Act. Where Canadian grain through the Seaway has declined over the past three years, U.S. exports have shown moderate increases. At a recent Seaway Summit meeting a major grain exporter representative indicated we could expect flat grain markets over the next three to five years due to slack demand and increased overseas competition for grain exports.

Mr. CARR. Mr. Administrator, you state in an article in the July-September 1993, issue of the *Seaway Review* that, "One of my highest priorities as administrator of the Seaway Corporation is to find ways to help eliminate past problems and develop new trade between the Seaway and Russia." Can you recite any concrete examples of actions taken or planned to help make this happen?

[The information follows:]

The most significant action taken is direct contact through our trade mission efforts and follow-up with Russian port and shipping officials. We have seen an expansion of the Russian flag vessel service which was first launched in 1991, following the 1990 trade mission to what was then Leningrad. Baltic ships have made over 100 port calls in the Great Lakes carrying cargoes such as Belarus tractors, steel and aluminum from Russia and North Europe and returning with consumer goods, used cars and trucks and agricultural machinery from the Midwest via the Seaway. After a second meeting in 1993, Baltic officials indicated that the present roll-on/roll-off vessel service will likely be supplemented by a breakbulk cargo service. Port representatives in Toledo, Ohio; Burns Harbor, Indiana; and Detroit, Michigan are currently pursuing specific marketing efforts with Baltic Steamship.

IMPACT OF MIDWEST FLOODS ON SHIPMENTS

Mr. CARR. How did the severe Midwest floods of the spring and summer affect shipments on the Seaway, and especially those of grain?

[The information follows:]

Estimates from grain shippers indicate a range of 300,000 to 400,000 tons of grains were diverted from barge movement to the Seaway route. In addition, a 57,000 ton movement of low-sulfur Powder River Basin coal for Spain moved through the Seaway due to midwest floods.

GRAIN FORECAST

Mr. CARR. The President of the Canadian St. Lawrence Seaway Authority stated last year that, based on market factors and other projections, he expects to see Seaway grain tonnage grow by 25 percent by 2002. Do you share his optimism?

[The information follows:]

Without major corrective actions on tolls and the westward movement of Canadian grains, which we discussed earlier, I believe a 25 percent increase by 2002 is very optimistic.

Mr. CARR. Do you have specifics on the "market factors and other projections" that may assist in reversing the long slide of grain tonnage shipped on the St. Lawrence Seaway?

[The information follows:]

As I mentioned earlier, our contacts in the grain industry anticipate a relatively flat total grain export market for the U.S. and Canada over the next three to five years. We have been advised that shipping cost is particularly important in such a market and that a reduction in cost by any route would not generate new exports or expand the national market; it would only create diversions among competing routes. In addition to this type of market situation, Canadian grain exports will continue to be adversely impacted by the existing rail subsidies, which we have discussed earlier. U.S. grain exports through the Seaway have averaged 5 percent of the national total since 1987 and we anticipate that level will prevail over the next several years.

CANADIAN PROPOSED LEGISLATION

Mr. CARR. Do you know the status of proposed Canadian legislation that would reform the Western Grain Transportation Act?

[The information follows:]

We understand that no legislation has been submitted in Parliament at this time. The Minister of Transport is awaiting an advisory group report on alternative ways to modify the present legislation and the rail subsidies

Mr. CARR. Are there any lessons for the United States in the recent Canadian actions?

[The information follows:]

I am sure we have made mistakes over the years in developing our national transportation system. If there is something to be learned from the Canadian experience, it is that toll or related cost increases above the rate of inflation will drive away business to the competition; and the disruption which can result from a new policy, the Western Grain Transportation Act, on the balance among systems and the inefficiencies which are generated.

TRADE MISSIONS—RUSSIA

Mr. CARR. Mr. Parris, you mention trade missions as the best way to eliminate past problems and develop new trade between Russia and the Seaway. The Committee questions whether trade missions can get to the root of the issue. Until the Russians get additional hard currency or find banks willing to loan them more money, won't their ability to import more Canadian grain be limited? How can trade missions address the core problem?

[The information follows:]

You are quite correct that Russia has significant national internal problems which extend to their international trade relationships and in particular Canadian or U.S. grain imports. However, the trade mission program focus within Russia at this time is the operation and expansion of vessel services between Russia, North Europe and the Great Lakes ports. That trade involves numerous breakbulk and roll-on/roll-off commodities including machinery, raw industrial material, vehicles, tractors and containerized consumer goods. Russia and the other newly independent states offer a niche market which includes commodities and vessel service potential. Industry has asked us to help with penetration of such new and emerging markets. The trade mission program gives the industry participants the ability to make the direct contracts needed for long term trade development.

Mr. CARR. You have cited the activity of the Baltic Shipping Company of St. Petersburg as an example of business generated by a trade mission. Do you know how much business is represented by the Baltic Shipping Company, either in terms of tons or dollars?

[The information follows:]

Specific company data is proprietary; however, we have published tonnage by vessel registry. As an indicator, Russian flag vessels carried 31,790 metric tons in 1990; 128,934 tons in 1991; 247,218 tons in 1992; and 338,259 tons in 1993.

Mr. CARR. You are quoted as having made the following comment about the trade mission last fall to Russia: "This is probably the most important trade mission, in terms of results, since the inception of our trade mission program in 1985. Russia is bustling with lucrative business opportunities for the Great Lakes region."

Can you cite more specifics about the results generated by this trade mission?

[The information follows:]

Several of the mission participants and I met with the Baltic Shipping officials who had high praise for the Seaway System. They assured us that the present roll-on/roll-off vessels would be in Lakes service again for 1994 and they indicated additional breakbulk service may be reintroduced. Some results expressed to us by mission participants include the following: during the mission, the Port of Detroit was able to negotiate direct calls by Baltic for the next season; the port of Toledo generated a return visit by Baltic officials to Ohio where they met with Chrysler and Honda officials concerning the potential for movement of vehicles to European ports; the port of Burns Harbor, Indiana, is developing a sister-port arrangement with the port of Kalingrad; a Minneapolis firm participant is negotiating a two-way movement of vodka between Minnesota and Moscow via St. Petersburg; a Michigan entrepreneur is negotiating a partnership venture in Russia for distribution operations for a variety of consumer products.

PILOT HOURS

Mr. CARR. Press reports have indicated that there appears to be a minor controversy brewing regarding the different treatment of Canadian and U.S. pilots concerning downtime. The Coast Guard is considering new requirements in an effort to address the issue.

Historically, what have been the different conditions under which Canadian and United States pilots work?

[The information follows:]

Although we work closely with the United States Coast Guard and pilotage orga- ations for the St. Lawrence River, we are not able to provide you with accurate d responsive answers to your questions about Great Lakes Pilotage. Administra- n and regulation of U.S. Seaway/Lakes pilots are the responsibility of the U.S. ast Guard Office of Marine Safety, Security and Environmental Protection here in Washington, D.C. When asked to respond to your questions, the Coast Guard advised us that they will respond directly to the Chairman and the Committee.

Mr. CARR. What is the status of the new Coast Guard proposal?

[The information follows:]

We defer to the Coast Guard to respond to your question.

Mr. CARR. Is there any evidence that Canadian pilots were working with too little rest and possibly endangering ships or other facilities?

[The information follows:]

We defer to the Coast Guard to respond to your question.

Mr. CARR. Indicate briefly now and elaborate for the record on the accident histories of both U.S. and Canadian pilots. Is there any appreciable difference in their records?

[The information follows:]

We defer to the Coast Guard to respond to your question.

Mr. CARR. What roles, if any, do the Seaway Development Corporation and the Canadian Seaway Authority have regarding this issue?

[The information follows:]

The role of the Corporation and the Authority with respect to pilotage is operational in nature. Ocean vessels are required to have pilots on board at all times while utilizing the System, which generates considerable traffic control and communications between the Seaway entities' operations offices, the vessel master and pilot. That is the nature of our role.

EXTENSION OF NAVIGATION SEASON

Mr. CARR. The International Association of Great Lakes Ports has recommended for several years that the St. Lawrence Seaway stay open until January 1 each year. They have proposed a three-year trial period as a test. They maintain that it would not require much in the way of additional ice-breaking personnel or craft. They cite the experience of December 1989, when the Seaway was kept open longer than usual despite the record cold temperatures experienced.

What is the Seaway Corporation's view on this matter?

[The information follows:]

The port association request also seeks a guarantee of the January 1 date. We have always operated on a "weather and traffic permitting" basis; we do not guarantee. The ports do ask for an extension; however, vessel demand for services is key to the need for extension periods. At the request of vessel operators, operating dates are announced several months in advance for their planning purposes and minor adjustments are made based on their response "weather permitting".

Other major considerations involved with season extension is the concerns for the impact on electric power production in New York, Ontario and Quebec and requirements for environmental impact studies.

Mr. CARR. About the Canadian Seaway Authority? Do you know their position?

[The information follows:]

Both Seaway entities are generally in agreement on this issue. The Seaway Authority view is that traffic demand would be the driving factor for season extension.

Mr. CARR. Have either of the Seaway entities performed a cost-benefit analysis on extending the navigation season?

[The information follows:]

We have not conducted a cost-benefit analysis on a season extension effort since no formal program has been under consideration for implementation. Overriding the cost-benefit issue is the requirement for environmental impact analyses and we do not have the resources to conduct such an effort.

OPENING AND CLOSING DATES

Mr. CARR. For the record, please insert a chart depicting the opening and closing dates of the Seaway for the past 10 or 12 years.

[The information follows:]

Actual opening and closing dates for Montreal-Lake Ontario section of the Seaway:

Year	Opening date	Closing date
1980	March 24	December 19.
1981	March 25	December 20.
1982	April 5	December 21.
1983	March 31	December 19.
1984	April 2	January 2.
1985	April 1	December 30.
1986	April 3	December 27.
1987	March 31	December 26.
1988	March 29	December 23.
1989	March 30	December 23.
1990	March 28	December 26.
1991	March 26	December 24.
1992	March 30	December 23.
1993	March 30	December 26.

EXTENSION OF NAVIGATION SEASON—IMPACT ON CARGO SHIPMENTS

Mr. Carr. The Ports Association estimates that an additional 2.8 million tons of cargo could move through the Seaway if it stayed open until the end of the year. Do you agree with this assessment?

[The information follows:]

I believe the estimate is very overstated for less than a week of navigation at the end of a hypothetical season, guaranteed to January 1. Over the past five years we have averaged about 2.7 million tons during the month of December with closing dates ranging from December 23 to December 26. An additional six days of navigation cannot be expected to generate 2.8 million tons, under the best of assumptions.

WEATHER SYSTEM MAINTENANCE

Mr. Carr. The fiscal year 1994 program for the Seaway included $100,000 for weather system maintenance. Please provide some details concerning the use of these funds and indicate whether the 1995 budget contains any additional funding for this purpose.

[The information follows:]

The $100,000 in fiscal year 1994 funds are for operation and maintenance of three remote visibility weather stations, along with the Eisenhower Lock computer system for weather data retrieval. The work is being performed by the National Data Buoy Center of NOAA. The fiscal year 1995 budget contains $50,000 for similar work by the Buoy Center.

GLOBAL POSITIONING SYSTEM PROGRAM

Mr. Carr. The 1994 budget also included $50,000 for Global Positioning System technology utilization and integration. The 1995 program calls for $125,000 for the same purpose. Please tell us exactly what additional capability you are procuring with these funds. Was a cost-benefit analysis or return on investment computation performed on this issue?

[The information follows:]

The fiscal year 1995 program request for $125,000 is for the purpose of installing a DGPS radiobeacon broadcasting station near the Massena/Ogdensburg area. The program is consistent with U.S. Coast Guard standards and a preliminary cost benefit analysis indicated a favorable outcome for this project.

Mr. Carr. By fiscal year, please indicate the total amount the Seaway intends to spend on GPS. Is this effort being coordinated with the Canadian Authority?

[The information follows:]

Beyond fiscal year 1995, we estimate it would take an additional $450,000 to install and implement a GPS based vessel traffic management system. This will be considered in future budget requests. All past and proposed GPS projects are closely coordinated with the Canadian Seaway Authority, and the U.S. and Canadian Coast Guards.

FULL TIME EQUIVALENTS

Mr. CARR. The fiscal year 1995 budget requires the Seaway Corporation to make do with six fewer full time equivalents. How do you propose to do this? Will there be any operational or safety impact?

[The information follows:]

The Corporation anticipates that the reduction of six FTE's will be accomplished through attrition without any operational or safety impact.

Mr. CARR. Your budget only reflects a reduction of $120,000 in 1995 associated with the FTE decrease. How is this possible?

[The information follows:]

This amount represents the reduction of three FTE's under Executive Order 12939. An amount estimated at $155,000 is included in "other management savings" for the reduction of three additional FTE's. As a result, savings from a total reduction of six FTE's is estimated at $275,000.

IMPROVEMENTS AND REPLACEMENTS

Mr. CARR. Your request includes $180,000 for paving and draining improvements and $100,000 for the replacement of radio telephone lines. In such a tight budget year, why are these activities judged to be such high priorities?

[The information follows:]

Paving and drainage improvements are being made to lock guide walls and the public access Eisenhower Lock tunnel areas for public safety reasons due to deteriorated surfaces. The radio telephone upgrade will incorporate new telecommunication technologies and therefore enhance the safety and efficiency of vessel transits and will reduce recurring operating expenses.

EISENHOWER LOCK CONCRETE REPAIR

Mr. CARR. Both 1994 and 1995 budget programs include $300,000 for extraordinary concrete repair at the Eisenhower Lock. What is the total cost for this work and how will it be phased?

[The information follows:]

Beginning with 1994 we initiated a three year concrete repair program at Eisenhower Lock, estimated at a total cost of $900,000, or $300,000 annually. It was planned that approximately 250–300 cubic yards of deteriorated concrete will be removed and replaced each year. The estimated cost includes dewatering the lock chamber, covering the lock with roof modules, heating the lock chamber, removing deteriorated concrete and replacement with reinforced concrete.

The amount of concrete placement this year has been substantially less than planned due to the extreme cold winter in Massena. The average temperature in Massena in January was 2.1 degrees in comparison to the normal average of 14.3 degrees. The sub-zero temperature was experienced almost every day since the closing of the 1993 season on December 26, 1993. Above normal snowfall was also recorded in Massena this winter. As a result, the lock dewatering and covering operation was completed a month late. Due to the extreme cold temperature, the lock chamber did not become ice free for crews to start working on the removal of deteriorated concrete until mid-February. Areas near the bottom of the lock chamber where major concrete work was originally planned never became accessible this winter. This delay reduced the available working weeks from approximately ten (10) to five (5) weeks during this shut-down period.

It is estimated that the maximum amount of concrete work to be accompanied this year will be less than 100 cubic yards or 30–40 percent of the planned amount.

INFLATIONARY INCREASES

Mr. CARR. Your 1995 request includes $108,000 for non-pay inflationary increases. Tell us how you arrived at this figure and what assumptions you made about the rate of inflation for 1995.

[The information follows:]

A rate of 2.6 percent was applied to the non-pay items in the 1994 budget totaling $4,152,000 to arrive at the figure of $108,000. The inflation rate follows economic assumptions for the 1995 budget based on an administration forecast.

DISCRETIONARY DECREASES

Mr. CARR. Your budget also reflects a decrease of $857,000 in discretionary activities, including $620,000 in "other management savings". Precisely how do you intend to achieve this level of savings?

[The information follows:]

The savings will be achieved through reductions as follows:

FTE's: Six FTE's	$275,000
Capital projects:	
Improve tunnel lighting	60,000
Upgrade sewage treatment plant-Visitors center	80,000
Insulate-heat Eisenhower storage area	35,000
Improve vessel traffic control center	125,000
Contractual services:	
Consulting services	50,000
Engineering and miscellaneous studies	30,000
Training	32,000
Piers	48,000
Supplies and materials:	
Office supplies	25,000
Subscriptions	15,000
Reduction of inventory levels	47,000
Less building maintenance	35,000
Total	857,000

REDUCTION IN FORCE

Mr. CARR. What probability is there that the Seaway Corporation might have to resort to a reduction in force to reach the savings mandated in the 1995 budget?

[The information follows:]

We will be able to accomplish required reductions without any reduction-in-force in fiscal year 1995.

CHARTS AND TABLES UPDATE

Mr. CARR. For the record, update the charts and tables appearing on pages 163, 166, 183, 184 and 185 of the 1994 hearing volume. In future years, please include as much of this material as is available in the justification material prepared for the Committee.

[The information follows:]

CALENDAR YEAR 1993
ESTIMATED MOLO TONNAGE, TRANSITS, AND REVENUE
AS OF: January 31, 1994

(tons and dollars in '000)

FINAL

TOTAL CUMULATIVE 1959 TO DATE: 1,410,884

CARGO:	1992	1993	1993 versus 1992 tons	%
GRAIN	12,225	10,834	(1,391)	-11%
CANADA	7,693	6,302	(1,391)	-18%
U.S.	4,532	4,532	0	0%
GOV'T. AID	89	54	(35)	-39%
IRON ORE	8,727	9,963	1,236	14%
COAL	336	242	(94)	-28%
COKE	705	846	141	20%
PETROLEUM PROD.	1,085	971	(114)	-11%
STONE	560	811	251	45%
SALT	965	651	(314)	-33%
CEMENT	114	16	(98)	-86%
POTASH	290	49	(241)	-83%
ORES	362	511	149	41%
SCRAP I & S	112	109	(3)	-3%
CHEMICALS	523	658	135	26%
GYPSUM	318	305	(13)	-4%
OTHER BULK	1,609	1,531	(78)	-5%
BULK TOTAL	28,020	27,551	(469)	-2%
IRON & STEEL	3,118	4,136	1,018	33%
CONTAINER	23	29	6	26%
OTHER GENERAL	171	224	53	31%
GENERAL TOTAL	3,312	4,389	1,077	33%
GRAND TOTAL	31,332	31,940	608	2%
TRANSITS:				
TOTAL	2,493	2,305	(188)	-8%
LAKER	1,639	1,400	(239)	-15%
OCEAN	854	905	51	6%
RATIO L/B	2.82	3.64	0.82	29%
TONS PER LOADED TRANSIT	17.028	17.666	0.64	4%
REVENUE:	$8,883	$10,130	$1,247	14%

Saint Lawrence Seaway Development Corporation

Estimated Other Services (Including Consulting Services)

	FY 1994	FY 1995
Consulting services....................	$100,000	$50,000
Tolls study............................	200,000	-
Marketing..............................	75,000	75,000
Working Capital Fund...................	176,000	189,000
SLSA tolls collections.................	90,000	95,000
Engineering and miscellaneous studies..	80,000	50,000
Training...............................	64,000	32,000
Hazardous waste removal................	25,000	30,000
Weather System maintenance	50,000	50,000
Maintenance service contracts..........	50,000	60,000
Financial audit........................	51,000	55,000
Maintenance of high voltage lines......	20,000	100,000
Sewage sampling........................	30,000	35,000
Dry dock Gatelifter....................	135,000	-
Other miscellaneous....................	-	114,000
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Total.....................	$1,146,000	$935,000

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

FISCAL YEAR 1995 CAPITAL PLAN

PROJECT PRIORITY LISTING

RANKING	PROJECT NAME	COST
1	SAFETY IMPROVEMENTS	$15,000
2	UPGRADE HIGH VOLTAGE LINES	50,000
3	BUOYS	75,000
4	REPLACE EMERGENCY RESPONSE EQUIPMENT	50,000
5	REPLACE CLOSED CIRCUIT TELEVISION EQUIPMENT	50,000
6	REPLACE RADIO TELEPHONE LINES	100,000
7	ELECTRICAL EQUIPMENT UPGRADE	75,000
8	PAVING AND DRAINAGE IMPROVEMENTS	180,000
9	IMPROVE VESSEL TRAFFIC CONTROL CENTER	25,000
10	GLOBAL POSITIONING SYSTEM APPLICATIONS	125,000
11	IMPROVE TUNNEL LIGHTING	40,000
12	TRUCKS	70,000
13	SMALL CRAFT AND ASSOCIATED EQUIPMENT	20,000
14	TUNNEL WINGWALL IMPROVEMENTS	75,000
15	UPGRADE ROAD SALT STORAGE SITE	20,000
16	OFFICE AND COMPUTER EQUIPMENT	10,000
17	REPLACE WINDOWS OF MAINTENANCE BUILDING	20,000
	TOTAL REQUEST	$1,000,000

TOLL REBATES PAID

Fiscal Year	Appropriation	Rebates
1989	10,400,000	11,010,000
1990	9,770,000	9,041,000
1991	8,396,000	8,215,000
1992	9,755,000	9,588,000
1993	8,779,000	8,625,000
1994	11,211,000	11,086,000*
1995	9,319,000*	9,187,000*

*Budget estimate

NAFTA IMPACT

Mr. CARR. I would like your reaction, if you can and that of some of the folks in your corporation who have looked at what the impact of NAFTA might be on the Seaway.

Mr. PARRIS. We think, Mr. Chairman, that there will be a beneficial impact to us in the sense that there will be more international cargoes generated by NAFTA just by the very nature of the thing.

I just attended a meeting over the weekend of the Canadian shipping interests of one kind or another, and they are very high on what the results of GATT and NAFTA will do to international maritime commerce.

In terms of the direct operation of the Seaway, we have more than an adequate capacity. We have the facilities to deal with the traffic, and we welcome increased transit of cargoes of all kinds, which, if in fact what I have just suggested comes true, we are prepared to deal with that.

We hope that it does because, as those cargoes transit, as you know, it generates revenues, ripple effects, the economic benefits, creates jobs in Michigan and other places around the country and very well serves the Nation.

Mr. CARR. Well, of course, those of us in Michigan looked at NAFTA with a great deal of skepticism, but now that it is the law we want to make sure that it lives up to its promise. I hope that it does provide improved activity in the Seaway and, of course, in the Great Lakes.

POWDER RIVER BASIN COAL

Mr. CARR. Last year you discussed low sulfur western Powder River Basin coal being shipped to Spain. Have there been any subsequent shipments of Powder River Basin coal?

Mr. PARRIS. There has been some shipments, Mr. Chairman, and some experimentation, if that is the proper word, to try to develop a steady supply, if you will, of that kind of product. To my knowledge, there have been some additional negotiations, if you will, for business arrangements through shippers, terminal operators and suppliers, people of that kind, which we have been informally advised of.

We sincerely hope that that is true. And we have reduced the coal—the tolls on coal with the approval of the Canadians, obviously, which—we have to do all of this binationally, in the anticipation——

And here, again, I would remind you that does not impact on the business operations of our corporation. It does on the income of the Canadians. So that it is much more a detrimental change by the reduction of their revenues than in terms of ours. But we try to encourage that because, once again, of the economic activities that is generated by the existence of the Seaway and by the movement of that product.

If I am correctly informed, there should be coal moved in the upcoming season, most of it, frankly, to utilities in Spain. The problem is getting a ton of coal, whatever, from Wyoming to wherever it is needed at a cheaper rate than you can do it by using railroads, and barges, down the Mississippi, some alternative routing, and that has proven to be a pretty tough thing to do.

PORT STATISTICS

Mr. CARR. Do you keep statistics of port activity in the Great Lakes?

Mr. PARRIS. Yes, we do. We supplied them for the record last year, and we are prepared to do so again this year by port, specific movement, for seaway traffic.

Mr. CARR. And with percentage change year to year?

Mr. PARRIS. Yes, we can do that.

Mr. CARR. Okay. Well, if you would supply that for the record.

Mr. PARRIS. Be glad to do that.

[The information follows:]

1993 ST. LAWRENCE SEAWAY TONNAGE BY U.S. PORTS RANKED BY TOTAL TONNAGE IN METRIC TONS

Port or Area	Import Total	Export Total	Total	% of Total	% Change from '92
Duluth-Superior	148,387	3,935,438	4,083,825	18.4%	-5.4%
Indiana-Burns Harbor	3,041,591	194,431	3,236,022	14.6%	92.6%
Toledo	329,806	2,385,927	2,715,733	12.2%	-4.2%
Detroit	2,024,479	261,258	2,285,737	10.3%	12.4%
Sandusky	0	2,012,429	2,012,429	9.1%	-14.1%
Cleveland	1,499,140	320,411	1,819,551	8.2%	11.6%
Other U.S.A. Ports	866,143	897,682	1,763,825	7.9%	50.5%
Chicago	860,916	549,805	1,410,721	6.4%	-1.2%
Ashtabula	867,975	403,674	1,271,649	5.7%	-26.5%
Milwaukee	170,597	106,446	277,043	1.2%	1.1%
Gary	133,842	73,802	207,644	0.9%	109.1%
Oswego	161,940	4,148	166,088	0.7%	9.1%
Grand Haven	0	157,149	157,149	0.7%	-17.6%
Buffalo	122,293	18,421	140,714	0.6%	-28.7%
Ogdensburg	51,929	80,447	132,376	0.6%	29.7%
Conneaut	0	117,000	117,000	0.5%	-68.9%
.rie	101,647	0	101,647	0.5%	-53.0%
Fairport	0	91,900	91,900	0.4%	-45.9%
Trenton (Mich.)	78,981	0	78,981	0.4%	0.2%
Green Bay	22,204	24,019	46,223	0.2%	-16.9%
Huron	10,520	13,090	23,610	0.1%	-10.5%
Lorain	22,830	0	22,830	0.1%	-90.8%
Saginaw	13,177	5,710	18,887	0.1%	206.9%
Tonawanda	17,724	0	17,724	0.1%	-66.3%
Total	10,546,121	11,653,187	22,199,308	100%	3.7%

NOTE: Includes only cargo movement through Seaway lock structures, eliminating duplication on cargo using both the Welland Canal and the Montreal Lake Ontario section.

NEW MARITIME STRATEGY

Mr. CARR. The Secretary was here just a few days ago and outlined a new maritime strategy for the country. Do you see any affect of that new strategy on the Seaway?

Mr. PARRIS. We are hopeful, Mr. Chairman, that it will benefit the Seaway, although I must tell you that, although I think the concept of the maritime fleet and all that is—I am personally totally supportive of, but the capital improvement programs that I understand are in the tentative proposal would most likely not be provided to ships that are so-called Seaway size.

As you know, we have obvious size limitations in terms of the locks, and if the operating subsidies or the construction proposals or whatever go to ships that simply do not fit in our system, then, clearly, it is not going to benefit the additional transit through the system itself. That is a maritime administration concern. It is a matter, I know, of some interest to the Secretary, not directly, obviously, part of my responsibilities nor authority.

We would hope that there would be some innovative movement of cargoes by off-loading in the deep water ports in Montreal, for instance, that would go into those kinds of American flagships which would, in fact, be beneficial to us. But that has yet to be seen.

There was one movement this year that was off-loaded in the river through two American flag lakers that took materials down and—with a waiver from MARAD—and then transferred in the middle of the river at Montreal and then took a Panamax size larger vessel across and delivered the product.

That, I think, is the wave of the future, Mr. Chairman. Whether the ships will actually fit in the system that is supported by the maritime proposal or not, I think that is the wave of the future.

Mr. CARR. Mr. Wolf?

Mr. WOLF. Thank you, Mr. Chairman. I welcome Mr. Parris, my good, good friend. I appreciate your being here. I apologize for being late. I had some calls before I came, but I want to welcome you to the committee.

Mr. PARRIS. Thank you, Frank.

DEPARTMENT PRESENCE AT HEARINGS

Mr. WOLF. Let me say something with regard to the Department being represented at all these hearings, if it is okay with the Chairman. I think it is a little chilling, to be honest with you, to have a representative from the Secretary's office sitting in at every budget hearing.

I think it is going to have a bearing on the responses particularly when FAA comes up, because that hearing will involve some of the more difficult questions. I think it is going to have a negative bearing on the responses of the witnesses.

And I am using my own experience, having worked in the executive branch for Interior Secretary Rogers C.B. Morton for a lot of years. When a representative of the Secretary's office feels obligated or committed to sit next to the witnesses, I don't think we are going to get the same answers.

Sometimes the witnesses in the old days used to say something that Secretary Morton didn't really like, and he was the boss so he could call that person up and say you know I am the Secretary of the Interior.

We had a particular problem with the National Park Service in those days. All the signs used to say National Park Service, and at the bottom you saw U.S. Department of the Interior. You could barely see that unless you bought your glasses at Woolworth's which would magnify the sign.

The Secretary got angry and changed the signs to read the U.S. Department of Interior, first, and then, the National Park Service, below that.

The point is, had the Secretary had a representative up at every single meeting, I think it would have had a chilling effect. It just shows a certain, lack of trust. I want the record to show that I personally think it is a mistake.

Ms. STOLL. I just want to say that I respectfully have heard you. We are not here to put any chilling effect. We have developed this budget in concert in a very close working relationship.

Our budget process this year perhaps was—perhaps every Assistant Secretary might say the same thing, but I think we had an extremely cordial development process this year with respect to the budget and have worked together very closely with the budget staffs and with the administrators of the modes. We are really here as a show of support from the administration for the budget that is being presented and to answer questions that might overlap from this to other aspects of the departments should that come up in the course of the hearing. Certainly no intention to chill.

Mr. WOLF. I understand that. And let me just follow up, then. I had asked a question of the Secretary with regard to the cut in the IG's office. I was upset with it. Your IG's office took a bigger hit than anywhere else in the agency. The Secretary said everyone had to take a cut. That was not accurate.

If you had been sitting out in the audience, you would have had the impression that every agency in the Department took a similar cut. That was not the case. The IG took a bigger cut than most others.

And also, I believe, the IG transportation took a bigger cut than almost the IG in any other agency.

And when I see some of the things that the IG has come out with with regard to the absolutely deplorable way the FAA has been operated, I am particularly glad your request to accompany the IG at that hearing was denied. That most certainly would have had a chilling effect.

Because the OIG should be separate from the Department, and those employees ought to be meaner than junkyard dogs.

Because years ago Senator Byrd tried to move the CIA out of Northern Virginia to West Virginia. Nobody in the CIA would help. Nobody up here wanted to take on anybody of a particular name. You could not get the data from anybody because it was all in the black box section of the budget.

And, fortunately, we got the IG at the CIA to delve into this, and when the IG delved into it, it was a scandal. I mean daylight. The doors went open and all the mice and rats and lizards ran away, and the end result was they did not move to West Virginia.

As a result of that, and because of my previous life in the executive branch, I think IGs—in both Republican and Democratic administrations—the more aggressive they can be, the better.

Now, I think IGs should be perhaps more flexible than they currently are. They can become harassing. I think they should give you flexibility or the Secretary more flexibility to operate a program. Some are successful; some are not. They are more successful in the areas of waste, fraud, abuse, and corruption.

So I thought that was a mistake there for you to even ask to be with the IG. But the IG's office has taken a big hit. And if you look, you will find that your IG took a bigger budget hit than perhaps most other divisions or departments of DOT, just when they have done some very aggressive things with regard to the FAA and other areas.

And I think all of you people would be better off taking a weekend off and going and reading what the IG says about each of the agencies.

Now, should I offer an amendment here in a markup that every agency in DOT take the same cut as the IG? Would you support that?

Ms. STOLL. We made a decision not to do an across the board absolutely the same cut. The cuts in each of the FTEs in each Department were a function of the programs that each Department was carrying out and the extent to which it could meet the budget caps that we were dealing with either through personnel or grants or other ways. And the IG's office, of course, being a lot of people, being exclusively people, would have reflected a cut like that.

But it was also done in conjunction with Ms. Schiavo, and she was a full participant in volunteering to restructure the way the organization was going to go and has assured us she will be able to perform as adequately as she has in the past with the staff that she has.

Mr. WOLF. She may be. I have not spoken to her about it. Maybe she can. I am not questioning that. But I guess if we cut her 25 percent she could do it.

The point is, you are saving four dollars for every dollar spent. You have cut one of the most vital programs in any Federal agency, the IG. And when you look at some of the parts issues and look at some the AAS and you look at some of the shenanigans, you look at FAA administrators taking private planes and going to Denver to apply for jobs and you look at things like that, and that is the office you cut. The Department had absolutely no right to sit next to the IG when the IG testified.

Because there has to be an independence. There really does. Or else the policeman has no power.

We got into something I didn't really plan on getting into, except when you responded. I want the record to show I think it is a mistake. I think it shows a lack of confidence. I think the committee is smart enough to know whether we have to call up the Secretary's office or you to get budget answers.

Again, I have worked in the Federal Government a lot longer than you have worked in the Federal Government. How long have you worked in the Federal Government?

Ms. STOLL. You are absolutely right. Since June.

Mr. WOLF. I was there for five years, and I am telling you what you are doing can have a chilling effect.

I don't think the committee is going to get the answers that it would normally get. The room temperature will change because there is a representative of the Secretary's office there who could fire the witnesses or change their job.

Enough said. I think it is wrong. I am opposed to it. And when the Republicans control Congress we will not do it that way, even if it is a Republican administration.

Let me now, if I can, ask a question of Mr. Parris.

STAFF DECREASE

Your budget reflects a net decrease of 5 percent from fiscal year 1993 which indicates actually 7 percent when adjusted for inflation. This will result in a staffing decrease of 6 FTEs or 3 percent of your work force. Where are you going to take the budget cuts?

Mr. PARRIS. We are going to take them largely, Mr. Wolf, from midlevel management. We think we can by attrition reach those FTE levels and have done so.

I released, through personnel judgment decisions, one of our midlevel management people, and we will have another—several—retiring. So through normal attrition processes, we think we can meet that.

Mr. WOLF. Are any of your people going to take advantage of the buyout?

Mr. PARRIS. There are some who are eligible. And when the exact details are determined and the opportunity is presented, I am hopeful that perhaps it will be beneficial to a few of the people that are with the corporation now. At least to my knowledge the final details have not been determined, if any.

Mr. WOLF. No, they have not.

Mr. PARRIS. And it kind of depends on how it comes down, Frank.

REINVENTING GOVERNMENT

Mr. WOLF. I guess there is less need to caution you, but I hear the administration and I hear this Gore proposal about reinventing government, and I think what they are doing is they are—frankly, in some respects, spending the same money over and over. They have spent it for new prisons and for 100,000 police officers, for example.

My sense is what they are really doing is going after, not midlevel but middle-age people. Strike level and put age. And middle age is about 40 through 55. And I keep hearing the administration talk about midlevel, but that is where the bulk is, and their salaries kind of fit into that category.

And, frankly, this is out of your area, but in other parts of the government, the midlevel people are the people that are making the government operate. It was a midlevel person at the Food and Drug Administration that stopped thalidomide from coming into the country. We all know what happened in Germany and places like that.

So their definition is really using that sort of bell-shaped curve where all the people are kind of gathered, and it is like if you are a midlevel, or, slash, middle age, there is something wrong with you. Nobody ever talks about getting rid of the top. Nobody ever talks about getting rid of anybody at the bottom. It is like if you are at the less than midlevel, fine.

And the other thing is I think it is very, very dangerous—and, obviously, you have not been involved in this—for the administration to have entered into these negotiations with the unions. I have not been anti-union. I have been supported by many of the Federal employee unions. But it is like they are automatically turning the operation over. GSA has signed these agreements now on the running of the agencies. So, therefore, the unions tend to somehow support the people that belong to the unions.

And many of the midlevel people do not belong to the unions, so in this cooperative arrangement they have gone after the midlevel, or, slash, middle age. If you are midlevel, middle age, have two kids, one in high school and one in college, you are vulnerable.

And, lastly, they are talking now—and I don't think this has come up. The Secretary didn't directly answer. But it is the question of agency shop, whereby if 60 percent of the people belong to the union, those that do not will have to pay a union fee, which I think is absolutely a tax increase on the federal employees.

So I don't think you are faced with that because of your agency's size. It is not really bad to be middle-aged.

Mr. PARRIS. Yes, I remember.

Mr. WOLF. About when your face clears up and your mind gets fuzzy or something like that.

Mr. PARRIS. They let you hide your own Easter eggs when you get past middle age, Frank.

Let me respond to that very quickly. One of the reasons I very much enjoy the challenge of the position I am privileged to hold is that this is a service corporation. It is, essentially, business owned by the government. And I, very frankly, view it as a business, and I try to be businesslike in our approaches to management.

The one midlevel person I had reference to was a $75,000 lawyer here in Washington. Well, we didn't have enough work for him to do, frankly, and I am sorry, and he is otherwise gainfully employed, et cetera.

Most of our employees make an average of $31,000 a year or so living in upstate New York and tie up ships as they go through the locks. We, obviously, have some white collar people that do administrative chores of one kind or another, but, basically, we are an operating corporation. Our guys drive pickup trucks and handle lines on ships. That is our employees.

And we just completed and we have the obligation to negotiate with that union a three-year union contract that we just completed through mediation with health reform adjustments and other things.

So it is like a business. It is not like, with all due respect, like the FAA and the Coast Guard and other things in terms of our operation.

TOLLS AND REBATES

Mr. Wolf. I understand, and I think you have done an excellent job, too, and I think you do run it like a business.

Last year, you testified that the different approaches of the Canadian and the U.S. governments concerning the rebate of tolls for shipping in the Saint Lawrence Seaway was having an adverse effect on the Seaway operations. At my request last year, the Committee, and the Chairman was very supportive, included report language directing the corporation to work with the U.S. Trade rep and others toward establishing a reciprocity in order to ensure the competitive and economic health of the Seaway.

Would you briefly update the committee on the status of these efforts, and if you want to put anything else in for the record?

Mr. Parris. We have, Frank, Mr. Wolf, talked to the Trade Representative's Office. We have discussed with them the desirability of the elimination of tolls. And that is the bottom line.

What we have suggested—and I made a little talk, I think before you were able to be here this morning, at an international joint conference, shipping conference thing beginning the first of the week, where I very strongly supported the concept of the elimination of Canadian tolls because it provides a unique and extraordinary burden on the Great Lakes port ranges, which does not apply, obviously, to the Norfolks and the Houstons and the New Orleans.

So the question, the bottom-line issue—and this is on the agenda, I am happy to report to you, of the Secretary, who—I, obviously, cannot speak for him, but I think he is supportive of the concept—that it is simply not fair for a wheat farmer or a corn grower in Iowa to pay a tariff, parentheses tax, to the Canadian Government to take his corn down the Saint Lawrence Seaway to sell it to somebody in Europe. We are supporting the Canadian Government in that way in a very indirect way, but it is still a burden on the producer in Iowa, in my little hypothetical here. That is basically not fair.

Mr. Wolf. I wonder, has NAFTA changed Canada's feeling about this?

Mr. Parris. Well, the Deputy Administrator of Transportation made a presentation at this conference I mentioned to you. And he went through a litany—I made the perhaps ungracious observation that I was going to go back to Washington and take gas. Because he said the Western Grain Transportation Act cost them $600 million a year, and the highway departments need to increase their costs, and the maritime fees had to be increased because inflation had not been adjusted for, and the Canadian Government has a $160 billion a year budget, $50 billion of which is interest on the national debt, and they have to cut all these things and increase their fees.

And the question then is how are you going to increase international traffic and cargo with that? And I made the flat statement that a more desirable policy would be the elimination of the tolls and the benefits of increased economic activity, the so-called ripple effect that we all know about, and we are very hopeful. The industry is supportive of that. The United States authorities are supportive of that concept. And there is a basic unfairness in the system as it has existed for many years because the Canadians simply are taking the money and putting it into their general revenues, and we are not.

Mr. WOLF. Has Ambassador Blanchard been supportive? The American ambassador to Canada?

Mr. PARRIS. Yes.

Mr. WOLF. I think that is important. And I think you are on to something, and I appreciate that. If there is anything we can do up here to help, we would be glad to.

Mr. PARRIS. I would just very quickly say I served with Jim Blanchard in one of the subcommittees on the Banking Committee when I was a Member here. We are friends, and we are looking forward to working on this problem together, I am sure.

Number two, I would suggest to you that we just had three public meetings, one in Duluth, one in Chicago and one in Cleveland, and had persons of interest come in and make an observation or two. Mr. Oberstar appeared personally at our meeting in Duluth in support of the concept of the elimination of the Canadian tolls in whatever way, appropriately, the United States Government can impact on a financial policy decision of the nation of Canada. They are, after all a sovereign nation.

But they do have obligations under NAFTA and under our trade relationship. They are our strongest trade partner, as you know.

And I think the weight of the argument that the elimination of a $60 million a year burden on one industry in a nation that has an 11 percent unemployment rate, with the benefits that would flow from additional hirings from longshoremen and terminal operator employees and cab drivers and gas station operators, all of that will not represent a $60 million loss to the Canadians.

In fact, we are going to do a study——

ECONOMIC IMPACT STUDY

Mr. WOLF. I was going to ask you that. Is anyone doing a study to show that?

Mr. PARRIS. We are. And we have in this budget—in this fiscal year budget, we have the funds to do an economic impact study, which will be done.

Mr. WOLF. If that happened, that would help your marketing on your trade missions.

Mr. PARRIS. No question. It would make us instantly more cost competitive because you are reducing a $60 million burden.

This is very over simplistic, Mr. Wolf, but you have to remember when the average 20,000 ton ship comes into the Great Lakes system and goes halfway across the United States and back, takes about 10 days, the operating cost of that ship is about—this is the average ship with the average cargo, et cetera—takes the average trip from—call it Montreal to Duluth and back, whatever—in and out of the Saint Lawrence River, it costs about $100,000 for that round trip to operate the ship, pay the crew, do all of the fuel and all the rest. And it costs another $100,000 in that 10-day period, $10,000 a day, for each ship to pay government-imposed costs.

Mr. WOLF. Really? Pretty heavy.

Mr. PARRIS. If we could eliminate the largest portion of that, which is tolls—pilotage, tolls, transit fees, agricultural inspection, port wharfage cost and all the rest of it add up. If we could eliminate the Canadian tolls, it would be a very large portion of that, and it would make the Great Lakes, the fourth seacoast, as the Chairman indicated a moment ago, instantly more competitive.

Mr. WOLF. Well, I think it makes a lot of sense. So if we can do anything up here to help you, let us know.

MARKETING BUDGET AND TRADE MISSIONS

I have a number of other questions, but let me just kind of cover one that fits in with that—marketing. This is one area of your budget that has been subjected to scrutiny and, in fact, sustained a substantial cut from the Senate in the budget last year.

Following the adoption of last year's bill, you made significant adjustments in the corporation's marketing and trade mission programs. Would you please bring the Committee up to date on what you have done based on that?

Mr. PARRIS. What we have done, Mr. Wolf, is two things: One, in fiscal year 1993, we had a trade mission category, if you will, of about $325,000. As you have indicated, the Senate initiative last year cut it to $150,000, about in half. Our budget this year, the fiscal year 1995 request has 150,000 or level funding, if you will, from last year.

We have redesigned the process through the so-called IOGA program, the industry-organized, government-approved Foreign Commercial Service Department of Commerce trade mission programs, where we get the benefit of the in-country Foreign Commercial Service personnel who organize industry representatives to meet with our industry representatives and that sort of thing.

So we have shrunk our ideas in terms of the length of the mission and the amount of travel that should be included in all of those and tried to focus more directly on specific commodities, for instance, and on less travel. We think we can do that. We have done it, will do it this year—in fiscal year 1994—with the budget that has been approved. And we think we can do an effective job next year.

I would caution you that any further reductions in marketing activities, I think, would really impact the effectiveness of the program and would be considered by the maritime industry in the Great Lakes as a diminution of support. It is important to try to promote the use of the system in international cargoes, international trade around the world.

Mr. WOLF. I agree with you. I think we have to be careful, because you do a good job over there and you operate it as a business. If you are in a business community—and I think you were a businessman before—when you are going through a difficult time, that is not the time to take the ads out of the yellow pages, and that is not the time to stop advertising and marketing. And if the Congress cuts you back too much, you are not going to be able to market. That does not seem to be a very wise spending.

Mr. PARRIS. I couldn't agree more, Frank, and I would remind you that total marketing activity represents less than 3 percent of our entire budget.

TRADE MISSIONS

Mr. Wolf. I think it may be a little low, actually.

Where are you targeting this year?

Mr. Parris. I am leaving in about a week, the 11th of March, as a matter of fact, to South Africa. We are going to take 10 or 11 industry representatives of one kind or another to Johannesburg and Durban. This fall, I have been asked to make a little talk at a transportation conference thing in St. Petersburg. We are going——

Mr. Wolf. Russia.

Mr. Parris. Russia, yes. We are going to two Scandinavian cities in the fall to visit existing users of the Seaway and try to impact the amount of cargo that comes through, et cetera.

Again, you can make the somewhat esoteric argument, I suppose, that it does not generate any dollars for the United States, but does it? When we create jobs in Detroit or Chicago or Cleveland, that is beneficial, in my view. The Saint Lawrence Seaway is a national asset to the United States, but only if it is used.

RUSSIAN TRADE

Mr. Wolf. Has the Eastern Europe, Russian business turned out to be as expected? I know there was great excitement about it two or three years ago. Has much business come out of there, or gone to there, as you would have expected?

Mr. Parris. I will give you the good news first. We have a liner service from Russia that comes in and out of the Great Lakes on a scheduled basis every 10 some days or so. Ships are going back and forth. And, strangely enough, they are bringing in Russian tractors to Milwaukee and taking used cars out of Detroit back to Poland. And it is great business, making big money, and it is booming.

The bad news is that the Canadians, who are largely the exporters of the wheat commodities, the Canadians have reduced their transit of Canadian grain by almost a third because they simply cannot get paid. The stability of the ruble is such that they have exhausted their credit.

They had a $5 billion program, if you recall. They had to adjust that to include transportation costs. And then the receipts for those things which were wheat grants, they were sales, the receipts were not realized, so the Canadians just stopped shipping and we are down in Canadian grains. Our total cargo transits compared with last year are up, but Canadian grain transits are down almost a third, slightly over a quarter.

Mr. Wolf. It is not that they are not using you and using some other source? They are just not shipping?

Mr. Parris. They are not shipping. The grain is going to the Far East through the western ports of Vancouver.

Mr. Wolf. I see. Well, I have some other questions. Let me just submit them for the record so I don't take the committee's time. But, anyway, I welcome you, and it is good to see you again, and I appreciate your testimony.

Mr. Parris. Thank you, Frank.

POWDER RIVER BASIN COAL

Mr. **WOLF**. About one year ago, you were quoted in a Journal of Commerce article as predicting that low-sulfur Western coal is the "wave of the future." Did the future arrive in 1993? If not, do you remain optimistic that this is the future scenario for Seaway?

[The information follows:]

During 1993 we did have another shipment of low-sulphur coal via Canadian lakers for transshipment in the lower St. Lawrence River.

The total of 56,875 metric tons was headed for Spain. I still remain optimistic for the future. We offer the customer an alternative supply route and the Seaway carriers are still marketing the Seaway with rates fully competitive with the Gulf Coast. However, we need to be realistic in recognizing that this is a long term goal which will be aided as the environmental benefits of low-sulphur coal develop overseas.

ANNUAL TONNAGE

Mr. **WOLF**. Also, last year you provided a chart for the record—page 163—indicating annual tonnage totals moved on the Seaway for both raw materials and finished products. Would you briefly describe any fluctuations this past year in this data, and please submit an updated chart for the record if you have not already done so.

[The information follows:]

You are referring to our internal weekly tonnage report which has already been submitted for the record.

The primary fluctuation is that total tonnage shows a 2 percent increase over 1992, the first such annual increase since 1988. Although bulk cargo shows a slight decline, the major increase is in the general cargo category which reflects a 33 percent increase due to demand for iron and steel products.

1993 TONNAGE

Mr. **WOLF**. In the most recent issue of DOT Today, you discussed the reversal of a five-year slide in Seaway traffic, indicating that with more than 31.9 million metric tons of cargo, the St. Lawrence Seaway recorded its first tonnage increase since 1988 for the Montreal-Lake Ontario section. This represented a 2 percent increase over 1992 tonnage. To what do you attribute this success?

[The information follows:]

Our tonnage for 1993 is definitely reflecting improvement in the U.S. and Canadian economies, particularly in the automotive and iron and steel production industries. I also believe we are seeing results from our long range marketing efforts here at home and overseas.

U.S. overseas trade posted a 15 percent increase over 1992, and trade with Canada increased 30 percent over 1992.

Mr. **WOLF**. Do you see it as a continuing upward trend?

[The information follows:]

We are optimistic for the long range, but in the short term we are anticipating continued growth of about 1 percent annually. So many factors come into play globally, particularly with the iron and steel, automotive and agricultural industries.

Mr. **WOLF**. Could you briefly indicate which cargo commodities delivered increases, and perhaps provide greater detail for the record?

[The information follows:]

U.S. grain remained about even with 1992; iron ore increased 14 percent; due to demand for steel production; coke increased 20 percent, usually a spot market for overseas industry and steel production; stone was up 45 percent, a reflection of construction demand; miscellaneous ores and chemicals increased 41 percent and 26 percent respectively, a reflection of increased demand for raw materials by the manufacturing industry.

All general cargo increased by 33 percent, led by iron and steel products at 33 percent, container tonnage at 26 percent and miscellaneous manufactures at 31 percent, an indication of improved economies generally in the U.S. and Canada.

GPS TECHNOLOGY

Mr. WOLF. You have used GPS technology for the positioning of floating navigation aids along the St. Lawrence River, and you indicate that you are planning to install a differential GPS radiobeacon site as part of this ongoing project. You indicated that you are coordinating closely with the Canadian Seaway Authority and the U.S. and Canadian Coast Guards.

Once the GPS has been fully integrated into your operations, can you describe for the Committee what advantages this will give Seaway shippers?

Would timely deployment of GPS enhance the Seaway's competitive posture?

[The information follows:]

The advantages to the shipping industry will be improvement of vessel safety while transiting the system, and improved transit time for vessels and cargo. Safety of crews and vessels is paramount, which also translates into protection of the river environment. Technological improvement does improve the competitiveness of the system because system elements can do their jobs more accurately and more efficiently, which means savings in time and dollars.

Mr. WOLF. DOD and DOT are still negotiating how a "civilian" GPS will be controlled, particularly in times of national emergency. It was recently reported in Aviation Daily that the Defense Department is still reserving the right to degrade GPS signals to civil aviation users without notice in case of a national emergency and on 48 hours notice under other circumstances. Wouldn't such a scenario create a major problem for Seaway shippers as well?

[The information follows:]

The hypothetical degrading of GPS signals by DOD in case of a national emergency will have greater impact on civil aviation users than to the civil mariner users. Depending on the rate of signal degrading, it could make GPS, even with differential corrections, undependable. The fall back to conventional visual aids to navigation and radio based vessel traffic management system during a degrading of GPS would present relatively few problems for the Seaway operations.

Mr. WOLF. It has been reported that this sticking point is complicating acceptance of GPS, particularly among foreign nations. As you work with the Canadians on implementing GPS on the Seaway, has this "wrinkle" affected their enthusiasm?

[The information follows:]

Both the Canadian Seaway Authority and the Canadian Coast Guard remain very enthusiastic about GPS and the potential for improvement of system operations.

INTERMODAL LIAISON

Mr. WOLF. As you know, this is a new transportation buzzword, with the National Highway System—NHS—proposed in ISTEA now evolving into a National Transportation System—NTS.

Last year in your testimony, you provided an interesting snapshot of the cost of moving goods intermodally. You estimated that to carry a ton of goods in a truck cost about 10 cents per mile; to carry that same bulk commodity in a train, about three cents; and to move it in a ship, about one cent. Obviously, you don't have the routing flexibility of a major interstate highway network or even a system of fixed rail guideways. But you do have the best deal in town.

In your marketing efforts, how much liaison work is done with other transportation modes so that a "package" of options could be offered to a shipper who may be able to save money by using two or more different modes to reach market?

[The information follows:]

We work with other modes as a particular issue may dictate. For example the low sulphur coal movement brings together rail, terminal, port and vessel operators. Our role as a catalyst includes bringing together all elements of the distribution system.

CONTACT WITH OTHER AGENCIES

Mr. WOLF. How much coordination and communication goes on between the corporation and other agencies, both inside and outside of the DOT?

[The information follows:]

The Secretary has established an ever increasing effort toward intermodal cooperation and coordination within the Department of Transportation and inter-agency coordination particularly as it regards international trade policy.

Within the Department, we coordinate transportation policy through Secretary Pena's modal Administrators' meetings, which meet twice weekly in addition to daily Senior Staff meetings. Those meetings are really essential to the development of any coherent transportation policy coordination.

Additionally, we work very closely with the U.S. Coast Guard on issues such as environmental protection, emergency response, marine safety and pilotage on the Great Lakes Saint Lawrence Seaway System. We work very closely with the Maritime Administration, particularly with the Deputy Administrator for Inland Waterways and Great Lakes, to represent Great Lakes interest in maritime policy.

I am glad to say it even goes a step further in that the Corporation also is involved in the operations of the Seaway International bridge and, therefore, we have had some interaction with the Federal Highway Administration regarding that international boundary crossing at Massena, New York.

I have been participating in an intermodal group to make recommendations on revising the structure of the nation's air traffic control responsibilities, as you know, the Department of Transportation is exploring a corporation arrangement to handle air traffic control responsibilities. Outside of the Department of Transportation, we coordinate our trade mission program and other marketing efforts with the Department of Commerce, the Department of State and often the Department of Agriculture.

With the high level of coordination that is required within the Executive Branch, not to mention very useful exchanges with the Congress and others who have an interest in the St. Lawrence Seaway, we were quite concerned that efforts to move our headquarters from Washington D.C. to Massena, which occurred as a part of the Senate Appropriations process last year, would have had a detrimental effect on the Corporation's ability to actively participate in the intermodal and inter-agency policy planning process.

DEPARTMENT PRESENCE AT HEARINGS

Mr. CARR. I want to make a couple of comments. I want to make sure that Ms. Stoll feels welcome here. From my standpoint, it is up to the administration to decide how it presents its case to the Congress. It is not up to us to tell the administration how to handle its affairs.

I think that the gentleman from Virginia makes some valuable comments, and it is worth the administration listening to what he has to say, but I am one of those people who thinks that the glass is always half full, not half empty.

And the other way to look at it is that this agency is—particularly in the case of the Seaway Corporation, which does not get a lot of attention—probably honored that an Assistant Secretary would be here to support its request.

But I do want to say that, notwithstanding my hospitality, I think the administration ought to evaluate very carefully what Mr. Wolf says.

Mr. PARRIS. Mr. Chairman, if I could just add a comment.

I understand where Mr. Wolf's sentiments are in this regard, and I certainly take no issue with that at all, especially since—as he was so gracious to indicate it did not impact on the Saint Lawrence Seaway Development Corporation, which is my first responsibility.

And I will say to you I don't—perhaps would not always agree with this lady, but I will assure you that you will not sit next to a more charming person, whether you are required to do so or not. She has been a delight to work with and——

Mr. WOLF. Let the record show I agree with that.

Mr. PARRIS. And I am sure you do. I don't want to get into the debate about whether she should or should not be here.

Mr. WOLF. Also, in fairness, let me let the record show that I think Mr. Carr made a very valid point, not just considering what I said, but also the fact that the Saint Lawrence Seaway gets the Assistant Secretary. So there are two sides.

From the other side, I have already made my point, but I would validate what the Chairman said, and I will welcome you whether you are here or not, or wherever, and work with you. You know that is correct, too.

Ms. STOLL. Thank you.

Mr. CARR. And I want the record to show that Mr. Wolf is a charming person, too.

Ms. STOLL. And I want the record to show that I never thought of myself as charming.

FEDERAL AGENCY PRIVATIZATION

Mr. CARR. I just have one wrap-up softball for you. The National Performance Review calls for the privatization of the air traffic control system, and, as I indicated to the Secretary, that is something I am interested in pursuing with an open mind.

Seems to me, though, in thinking about what the Seaway Corporation does, that if we are unable to get the Canadian Government to drop the tolls and to support the Seaway the way we would like to support the Seaway from our side, is it not also a possibility that one way to solve the problem would be to enter into an agreement with the Canadian Government, that the Seaway Development Corporation would, in fact, be a private corporation subject to a bilateral regulatory commission, and, thereby, tolls collected would be for the business of the Seaway Corporation?

And that because the corporation would be a competitor of other modes of transportation that the market mechanisms would control the appropriateness of tolls and investment and staffing and so many of the other things?

Would it not be appropriate to—while we are thinking of different forms of organization to get essential public services accomplished—would that not occur to the Secretary to offer a comment to think of the Seaway Corporation as a private entity rather than a public corporation?

Mr. PARRIS. Well, it depends. I have the pleasure of serving—and I wanted to just again offer a comment for the record, if I might.

The Senate, for one reason or another, saw fit to raise the issue of the transfer of the headquarters of the Seaway Corporation to upstate New York. Well, we engage in a great, a very large number of discussions, if you will, with the Assistant Secretary for Great Lakes Inland Waterways in MARAD. I talk to Coast Guard all of the time. We have intermodalism meetings of one kind or another just constantly. I go to modal administrator meetings twice a week here in Washington with the highways, with the railroads, with—et cetera.

It is much more complicated than just opening a lock and letting a ship go through. The Seaway Development Corporation, I think, is largely misunderstood by a very large number of people. So, needless to say, it would be, in my view, dramatically counterproductive to not have a presence in Washington.

Having said that, I think, Mr. Carr, that decision was basically reached, and it would be—it would be difficult to redress that issue because of the binational treaties that were entered into when the Seaway was originally constructed in 1959, opened in 1959—through the 1950s it was constructed. Everything we do has to be done through diplomatic notes because it is a binational—two sovereign nations.

We do things through the tariff of trade that has to come through the appropriate channels of the State Department and the ministries of the provinces and the federal nation of Canada. So it gets very complicated not only from a legal standpoint but from an international, binational type of arrangement.

Secondly, and I think perhaps more pertinent, the Congress, you may recall in 1987, in the 99th Congress—and I was a Member at that time, as were you—made the decision to waive, to rebate the toll structures from the Seaway and to operate off of funds generated by the Harbor Maintenance Trust Fund. I think that was the right decision then. I think it is now.

If you turned the Seaway into some kind of a corporate entity other than a government-owned corporate entity and thereby generated the monies that are used for funding other than through the reapplication of tolls, which, in my view, again, would obviously be counterproductive, if you generate monies in some different way, then it would presumably be a burden once again on the industry. And the industry is not in that great a shape anyway.

So my theory is to reduce the burden on the industry and thereby increase the opportunities for economic activities of one kind or another in the Great Lakes States and in the Great Lakes ports and in the region that we serve.

Mr. CARR. When the National Performance Review was under way, was it ever considered, to your knowledge?

Mr. PARRIS. I think not. I think not, for those kinds of reasons: that the relatively small operating expenses, which I would again remind you is almost 80 percent—80 cents out of every dollar goes to personnel costs and benefits, compensation and benefits. The discretionary spending is very nominal.

CLOSING REMARKS

Mr. CARR. Well, thank you for being here.

Mr. PARRIS. Pleasure.

Mr. CARR. And we appreciate your testimony, and we are sure that you will be quite satisfied with what we do with you.

Mr. PARRIS. Thank you, sir.

Good to see you, Mr. Coleman.

Mr. COLEMAN. Good to see you.

Mr. CARR. Mr. Coleman, did you have some questions on the Seaway?

Mr. COLEMAN. No. Does that have anything to do with Amarillo, Texas, or St. Lawrence? I am not sure what part of Texas that is in. Don't remember that one.

Mr. PARRIS. Just outside of Waco.

Mr. COLEMAN. Good to see you, Stan.

Mr. PARRIS. Good to see you, Ron. Thanks.

GPS TECHNOLOGY

Mr. PRICE. Will you discuss the advantages to your operation resulting from working with the Canadian Seaway Authority and the U.S. Coast Guard to use Global Positioning System technology? Will you elaborate on future GPS use?

[The information follows:]

In addition to the Seaway Authority and the U.S. Coast Guard we are also closely coordinating our efforts with the Canadian Coast Guard and the Volpe National Transportation Systems Center. The primary advantage is that we are all focussed on the Seaway System. We can share expertise, planning direction, and cost by consolidating our efforts. Our current usage of GPS technology is for buoy deployment.

A primary interest of all parties is to implement a GPS based vessel traffic management system and a DGPS based precise navigation system on board vessels transiting the System. To this end the Canadian Coast Guard has installed two DGPS radiobeacon stations, one near Montreal and one on the north shore of Lake Ontario, and we plan to install a similar station in the Massena/Ogdensburg, N.Y. area.

U.S. Department of
Transportation

BUDGET ESTIMATES

FISCAL YEAR 1995

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

SUBMITTED FOR USE OF
THE COMMITTEES ON APPROPRIATIONS

DEPARTMENT OF TRANSPORTATION

Saint Lawrence Seaway Development Corporation

FY 1995 Budget Estimates

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SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Federal Funds

Public enterprise funds:

Saint Lawrence Seaway Development Corporation

The Saint Lawrence Seaway Development Corporation is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the Corporation's budget for the current fiscal year. (Department of Transportation and Related Agencies Appropriations Act, 1995.)

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Program and Financing (in thousands of dollars)

Identification code 69-4089-0-3-403	1993 actual	1994 estimate	1995 estimate
Program by activities:			
00.01 Operations and maintenance.............	14,749	11,265	10,971
00.02 Replacements and improvements..........	681	1,300	1,000
10.00 Total obligations................	15,430	12,565	11,971
Financing:			
17.00 Recovery of prior year obligations......	(164)	...	...
21.47 Unobligated balance available, start of year: Authority to borrow.............	(3,200)	(3,200)	(3,200)
21.90 Unobligated balance available, start of year: Fund balance..................	(12,648)	(11,884)	(11,584)
24.47 Unobligated balance available, end of year: Authority to borrow.............	3,200	3,200	3,200
24.90 Unobligated balance available, end of year: Fund balance..................	11,884	11,584	11,284
68.00 Budget authority (gross): Spending authority from offsetting collections......................	14,502	12,265	11,671
Relation of obligations to outlays:			
71.00 Total obligations......................	15,430	12,565	11,971
72.10 Receivables in excess of obligations, start of year.....................	(282)	...	...
72.90 Obligated balance, start of year: Fund balance........................	...	3,313	3,313
74.90 Obligated balance, end of year Fund balance........................	(3,313)	(3,313)	(3,313)
78.00 Adjustments in unexpired accounts (-)...	(164)	...	...
87.00 Outlays (gross)........................	11,671	12,565	11,971
Adjustments to gross budget authority and outlays: Offsetting collections from:			
88.30 Trust funds............................	(13,184)	(10,765)	(10,271)
88.40 Non-Federal sources....................	(1,318)	(1,500)	(1,400)
88.90 Total offsetting collections.......	(14,502)	(12,265)	(11,671)
89.00 Budget authority (net).................	...	...	...
90.00 Outlays, net...........................	(2,831)	300	300

Note: For FY 1993, actual obligations of the Corporation totaled $12,580 thousand. The amount shown above for FY 1993 has been adjusted to account for the Treasury practice of transferring appropriated funds to the Operations and Maintenance (O&M) account (and subsequently to the SLSDC Fund, above) only at the time that the obligations incurred in the O&M account are paid.

DEPARTMENT OF TRANSPORTATION

Saint Lawrence Seaway Development Corporation

Program and Performance

The Saint Lawrence Seaway Development Corporation is a wholly-owned Government Corporation responsible for the operation, maintenance and development of the United States portion of the St. Lawrence Seaway between Montreal and Lake Erie. Major priorities are to encourage increased use of the Seaway system and to control Corporation costs.

Appropriations from the Harbor Maintenance Trust Fund and revenues from non-Federal sources are intended to finance the operation and maintenance of the portion of the Seaway for which the Corporation is responsible.

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Revenue and Expense (in thousands of dollars)

Identification code 69-4089-0-3-403	1993 actual	1994 estimate	1995 estimate
0101 Revenues..................................	10,928	10,965	10,671
0102 Expenses..................................	(10,754)	(12,218)	(10,971)
0109 Net income or loss (-)...............	174	(1,253)	(300)

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Financial Condition (in thousands of dollars)

Identification code 69-4089-0-3-403		1992 actual	1993 actual	1994 estimate	1995 estimate
	Assets:				
	Fund balance with Treasury and cash:				
1010	Cash	11,967	15,197	14,912	14,617
	Accounts receivable:				
1100	Federal Agencies	2,850	52	31	41
1110	Public	1,747	1,703	1,715	1,760
1199	Subtotal, accounts receivable	4,597	1,755	1,746	1,801
	Advances and prepayments:				
1200	Federal agencies	74	48	41	56
1210	Public	6	...	...	...
1299	Subtotal, advances and prepayments	80	48	41	56
	Inventories:				
1300	Operating consumables	330	324	315	301
	Investments:				
1440	Non-Federal securities, net	7	7	7	7
	Property, plant, and equipment:				
1600	Structures and facilities and leasehold improvements	137,076	138,485	138,656	138,921
1620	ADP software	203	203	220	220
1630	Equipment	10,523	10,935	11,191	11,348
1660	Construction-in-progress	1,031	280	371	489
1670	Land	868	868	868	868
1680	Allowances(-)	(55,279)	(57,859)	(59,108)	(61,315)
1699	Subtotal, property, plant, and equipment	94,422	92,912	92,198	90,531
	Other assets:				
1740	Other	685	654	603	579
1999	Total assets	112,088	110,897	109,822	107,892

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Financial Condition (in thousands of dollars)
(continued)

Identification code 69-4089-0-3-403	1992 actual	1993 actual	1994 estimate	1995 estimate
Liabilities:				
Accounts payable:				
2000 Federal agencies	1,304	1,572	1,491	1,354
2010 Public	1,002	845	919	897
2099 Subtotal, accounts payable	2,306	2,417	2,410	2,251
2299 Accrued payroll and benefits	260	276	290	301
2399 Accrued annual leave	533	566	581	599
Unearned revenue (advances):				
2410 Public	2	...	...	...
2999 Total liabilities	3,101	3,259	3,281	3,151
Equity:				
3199 Invested capital	109,195	107,672	107,828	106,328
Revolving fund equity:				
3210 Cumulative results	(208)	(34)	(1,287)	(1,587)
3999 Total equity	108,987	107,638	106,541	104,741

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Object Classification (in thousands of dollars)

Identification code 69-4089-0-3-403	1993 actual	1994 estimate	1995 estimate
Personnel Compensation:			
11.1 Full-time permanent	6,136	6,317	6,261
11.3 Other than full-time permanent	148	169	181
11.5 Other personnel compensation	356	370	375
11.9 Total personnel compensation	6,640	6,856	6,817
12.1 Civilian personnel benefits	1,793	1,973	1,992
21.0 Travel and transportation of persons	322	252	236
22.0 Transportation of things	23	22	23
23.3 Communications, utilities, and miscellaneous charges	246	237	244
24.0 Printing and reproduction	47	65	67
25.1 Consulting services	24	100	50
25.2 Other services	4,820	1,046	885
26.0 Supplies and materials	721	946	828
31.0 Equipment	640	325	225
32.0 Land and structures	154	743	604
99.9 Total obligations	15,430	12,565	11,971

Note: Total obligations shown above on line 99.9 are consistent with the amounts shown on line 10.0 on page 2. For an accurate comparison of total Corporation activity comparable to that shown for FY 1994 and FY 1995, $2,850 thousand should be deducted from lines 25.2 and 99.9 in FY 1993.

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Personnel Summary

	1993 actual	1994 estimate	1995 estimate
Total compensable work years:			
5001 Full-time equivalent employment.........	169	174	168
5005 Full-time equivalent of overtime and holiday hours.........................	5	6	6

DEPARTMENT OF TRANSPORTATION

Saint Lawrence Seaway Development Corporation

Trust Funds

Operations and Maintenance

(Harbor Maintenance Trust Fund)

For necessary expenses for operation and maintenance of those portions of the Saint Lawrence Seaway operated and maintained by the Saint Lawrence Seaway Development Corporation, [$10,765,000] $10,271,000, to be derived from the Harbor Maintenance Trust Fund, pursuant to Public Law 99-662. (Department of Transportation and Related Agencies Appropriations Act, 1994.)

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Program and Financing (in thousands of dollars)

Identification code 69-8003-0-7-403	1993 actual	1994 estimate	1995 estimate
Program by activities:			
10.00 Total obligations (object class 25.0)..	10,734	10,765	10,271
Financing:			
40.00 Budget authority (appropriation).......	10,734	10,765	10,271
Relation of obligations to outlays:			
71.00 Total obligations......................	10,734	10,765	10,271
72.40 Obligated balance, start of year........	2,450	...	...
90.00 Outlays................................	13,184	10,765	10,271

The Water Resources Development Act of 1986 authorizes use of the Harbor Maintenance Trust Fund as the major source of funding for the Corporation's operations and maintenance activities.

Department of Transportation
Saint Lawrence Seaway Development Corporation
Summary of Expenses by Activity (in thousands of dollars)

	1993 actual	1994 estimated	1995 estimated
Operating Expenses:			
1. Locks and marine	$1,996	$2,035	$2,103
2. Maintenance and engineering	3,127	3,243	3,079
3. General and development	2,935	2,887	2,823
4. Administrative	2,713	2,800	2,666
Total recurring operating expenses	10,771	10,965	10,671
5. Non-recurring dredging expense	953	...	...
6. Non-recurring recabling gatelifter	62	...	...
7. Extraordinary concrete repair	...	300	300
Total operating expenses	$11,786	$11,265	$10,971
Replacements and Improvements:			
1. Equipment	$640	$325	$225
2. Capital projects	154	975	775
Total replacements and improvements	$794	$1,300	$1,000
Total obligations	$12,580	$12,565	$11,971

	1993	1994	1995
Authorized Positions by Activity:			
1. Locks and marine	57	57	57
2. Maintenance and engineering	62	61	58
3. General and development	16	16	16
4. Administrative	41	40	37
Total positions	176	174	168

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Seaway Tons, Transits, and Tolls
Fiscal Years 1993-1995

	FY 1993* Actual	FY 1994 Forecast	FY 1995 Forecast
Cargo Tons	30,210,619	31,590,000	31,910,000
Commercial Vessel Transits	2,259	2,282	2,304
U.S. Toll Revenue	$8,971,402	$9,500,000	$9,600,000

Other Selected Historical Data

Fiscal Year	Metric Cargo Tons	Tons per Loaded Transit	Transits Per Day	U.S. Toll Revenue
1986	35,299,260	15,829	11	$ 8,655,319
1987	40,391,519	16,629	12	9,672,103
1988	41,810,323	17,142	12	10,114,060
1989	39,473,301	17,245	11	9,856,520
1990	35,377,666	17,140	10	8,832,290
1991	35,719,121	17,458	10	9,204,342
1992	32,791,783	17,052	10	8,916,263
1993*	30,210,619	17,362	9	8,971,402

*Preliminary data as of January 5, 1994.

DEPARTMENT OF TRANSPORTATION
Saint Lawrence Seaway Development Corporation
Historical Tons, Transits, and Tolls Statistics
Calendar Years 1959 thru 1993

Calendar Year	Cargo Tons	Total Vessel Transits	U.S. Toll Revenue $	Days of Navigation
1959	18,681,783	7,452	2,942,594	223
1960	18,425,235	6,869	2,931,627	230
1961	21,244,197	6,892	3,308,047	237
1962	23,218,122	6,351	3,646,685	237
1963	28,070,917	6,285	4,385,462	243
1964	35,660,550	6,779	5,534,722	244
1965	39,356,270	7,330	6,324,613	254
1966	44,678,265	7,341	7,056,965	259
1967	39,942,107	6,921	6,034,443	254
1968	43,502,999	6,576	6,719,994	251
1969	37,207,311	6,392	5,793,249	253
1970	46,421,434	6,280	6,867,784	259
1971	48,069,409	6,071	7,390,029	251
1972	48,676,429	5,962	7,360,363	256
1973	52,284,807	6,125	7,531,486	270
1974	40,048,979	4,260	5,756,350	268
1975	43,554,303	4,704	6,099,898	272
1976	49,348,439	4,859	6,969,570	266
1977	57,456,340	5,185	8,307,708	267
1978	56,942,680	5,262	9,631,197	264
1979	55,322,093	4,846	10,401,065	265
1980	49,454,109	4,958	9,395,517	271
1981	50,569,257	4,574	9,979,429	271
1982	42,815,314	4,303	9,645,209	261
1983	45,060,981	3,870	10,867,254	264
1984	47,505,456	3,759	11,968,392	276
1985	37,321,698	3,088	9,006,703	274
1986	37,581,808	3,307	9,152,250	269
1987	39,968,615	3,227	9,529,531	271
1988	40,557,669	3,142	10,049,269	270
1989	37,070,370	2,768	9,225,817	269
1990	36,655,939	2,768	9,240,172	274
1991	34,910,443	2,859	9,048,532	274
1992	31,360,166	2,493	8,713,777	269
1993*	31,672,000	2,349	10,061,000	271

*Preliminary data as of January 5, 1994.

Department of Transportation
Saint Lawrence Seaway Development Corporation
Operations and Maintenance
General Justification

Activities financed by this program include functions described below. Corporation objectives are to continue to operate the system in a safe, reliable, and efficient manner while interfacing with a multitude of diverse interests that share the common goal of expanding commerce on the Great Lakes/Seaway System.

Locks and Marine Operations - Lock operations and vessel traffic control on the St. Lawrence Seaway are conducted on a 24-hour day, 7-day week basis throughout the shipping season. Marine operations consist of commissioning and decommissioning of aids to navigation, channel dredging and maintenance, tugboat, and other floating equipment services.

Maintenance and Engineering - The Corporation facilities must be maintained in efficient operating condition. Facilities include locks and guidewalls; roads and bridges; channels; public use facilities; navigation aids; buildings, grounds, and utilities; and permanent operating equipment. Major maintenance on existing facilities will continue to be performed during the non-navigation season.

General and Development - The Corporation engages in activities designed to increase public awareness of the Seaway. This includes costs associated with strategies aimed at identifying new markets for, and increasing use of, the system.

Administrative - Executive management and administration of the Corporation includes legal, civil rights, accounting, procurement, computer, personnel administration, and other related administrative support services.

Replacements and Improvements - Capital expenditures provide for the continuation and improvement of the navigation system and lock operations and the replacement of equipment, machinery, and tools.

Included in the operations and maintenance program are the following:

Concrete Repair - The structural integrity of the Seaway infrastructure is critical if the Seaway is to remain a reliable and competitive transportation route. Repair of deteriorated concrete near the bottom of the lock chamber of Eisenhower Lock as identified in the 1991 Corps of Engineers Structural Evaluation Study Report is scheduled to begin in FY94. To prevent further deterioration of the concrete and, thereby, the factor of safety against the sliding and overturning of the lock walls, it was essential that the repair work be initiated at the earliest possible time frame. This in-house three year project will be incorporated with the regular winter work commencing in FY94. Annual costs are estimated at $300,000 for a total not-to-exceed $1,000,000.

Working Capital Fund - The Working Capital Fund, operated by the Office of the Secretary, provides a variety of services for the Department's operating administrations including printing, communications, building security, security investigations, etc., on a reimbursable basis. The Corporation's estimated cost for FY 1995 is $189,000.

Consultants - As defined in OMB Circular A-120, $50,000 is included in the FY 1995 request for consulting services to support or improve quality of management and for studies, analyses, and evaluations to improve decision making.

	1994 Enacted	1995 Estimate	Difference
Full-time Equivalent Employment....................	174	168	(6)
Program Level:			
Operating Expenses...........	$10,965,000	$10,671,000	($294,000)
Replacements and Improvements.	1,300,000	1,000,000	(300,000)
Extraordinary Concrete repair.	300,000	300,000	0
	$12,565,000	$11,971,000	($594,000)

Changes in resources - The Corporation's FY 1995 budget projects expenditures of $12.0 million. This includes $10.7 million to fund operating costs, $1.0 million for essential replacements and improvements, and $.3 million to repair deteriorated concrete in the lock chamber of Eisenhower Lock. The FY 1995 program is a net decrease of $.6 million compared to FY 1994. Non-discretionary increases of $.4 million are more than offset by management savings and program reductions totaling $1.0 million and are explained in the detailed justifications which follow.

The Corporation proposes to fund the program level from new budget authority of $10.3 million, from non-federal revenues of $1.4 million and $.3 million from the Corporation's reserve. Non-federal revenues are expected to be $.1 million less than the FY 1994 estimate, reflecting lower interest on investments as well as lower concession revenues from the duty free shop on the Canadian border. Lower Canadian exchange rates and aggressive marketing by Canadian merchants have resulted in decreased tourist traffic to the U.S.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Program Changes

Non-discretionary Changes:

A. FY 1995 pay act increase..............................$52,000
This will provide three-quarter year funding for the pay act increase proposed to become effective in January, 1995.

B. Annualization of FY 1994 locality pay................$33,000
This annualizes the January, 1994, locality pay by providing recurring funding for the fourth quarter.

C. FY 1995 wage board increase..........................$75,000
This will provide full year funding for the pay increase proposed to become effective in October, 1994, for wage grade personnel.

D. Within grade increases...............................$95,000
This request provides funding for within grade increases effective in FY 1995, as well as within grade increases which became effective for a portion of the year in FY 1994.

E. Inflationary increases..............................$108,000
Increases for inflation are provided for non-pay object classes.

Subtotal, non-discretionary changes.............$363,000

Discretionary Changes:

A. FTE reduction......................................$(120,000)
This represents the savings resulting from the reduction of FTE,s under Executive Order 12839.

B. Administrative savings.............................$(117,000)
This represents decreases in other services and supplies to meet the President's target for a 6% reduction in administrative expenses.

C. Other management savings...........................$(620,000)
This represents reductions in capital expenditures, contractual services, supplies and materials, and travel, and by additional staff reductions through attrition.

Subtotal.......................................$(857,000)

D. Program reductions.................................$(100,000)
Revenues from non-federal sources are estimated to be $100,000 less in FY 1995 resulting in a corresponding decrease in the program level. Reductions are reflected in contractual services and supplies and materials.

Subtotal, discretionary changes..............$(100,000)

Total..$(594,000)

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

FY 1995 CAPITAL PLAN

SUMMARY

CAPITAL EQUIPMENT

1.	Buoys	$ 75,000
2.	Emergency Response Equipment	50,000
3.	Small Craft and Associated Equipment	20,000
4.	Office and Computer Equipment	10,000
5.	Trucks	70,000
	Sub-Total	**$225,000**

CAPITAL PROJECTS

1.	Safety Improvements	$ 15,000
2.	Upgrade High Voltage Line	50,000
3.	Improve Vessel Traffic Control Center	25,000
4.	Paving and Drainage Improvements	180,000
5.	Electrical Equipment Upgrade	75,000
6.	Replace Closed Circuit Television Equipment	50,000
7.	Replace Radio Telephone Lines	100,000
8.	Global Positioning System Applications	125,000
9.	Improve Tunnel Lighting	40,000
10.	Tunnel Wingwall Improvements	75,000
11.	Upgrade Road Salt Storage Site	20,000
12.	Replace Windows of Maintenance Building	20,000
	Sub-Total	**$775,000**
	Grand Total	**$1,000,000**

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

FY1995 CAPITAL PLAN

PROJECT DESCRIPTION/JUSTIFICATION

CAPITAL EQUIPMENT

1. Buoys $75,000

   Buoys are an integral part of the St. Lawrence Seaway with respect to safe navigation. This request is primarily to replace winter marker buoys that have been damaged beyond repair and/or have been sunk and are unrecoverable. Lighted buoys are replaced by winter markers in late fall since they are designed to withstand the forces of ice formation and break-up in the spring. Winter markers placed in critical reaches of the River make it possible for late/early year vessel transits. This is safety related since navigation aids reduce likelihood of vessel incidents or spills.

2. Emergency Response Equipment $50,000

   The purpose of this project is to replace aging or deteriorated tools and equipment which aid in response to oil/chemical spills and/or other emergencies in the St. Lawrence River. Approximately 2000 feet of oil boom and boom accessories will be purchased.

3. Small Craft and Associated Equipment $20,000

   Small craft are used extensively to maintain aids to navigation, assist with hydrographic sweep surveys, and monitor vessels speeds. This request is to replace a 17 foot Boston whaler boat and trailer.

4. Office and Computer Equipment $10,000

   To replace miscellaneous equipment such as copying machines, fax machines, typewriters, personal computers, etc.

5. Trucks $70,000

   Pick-up trucks are used extensively for maintaining the locks, facilities and navigation aids spread out over a 100-mile area. This request is to purchase at least four vehicles of various types, i.e., two wheel drive, four wheel drive, utility, 3 passenger, 6 passenger, etc.. Vehicles are replaced in accordance with GSA guidelines with respect to vehicle age and mileage to ensure the efficiency and safety of the vehicle.

CAPITAL PROJECTS

1. Safety Improvements $15,000

This is an ongoing safety related project to ensure a safer and healthier environment in which to work. This years request is to purchase additional portable fume extractors to be used in confined remote work areas. More fall protection devices will also be purchased and installed.

2. Upgrade High Voltage Lines $50,000

The Corporation receives power from the New York State Power Authority's Robert Moses Power Dam at no cost. By agreement the Corporation must however maintain two power transmission lines. This is the first of a three year project aimed at upgrading these 35 year old lines which are the only source for power to run the locks on a continuing basis.

3. Remodel Equipment Room-Vessel Traffic Control Center $25,000

Utilization of high tech equipment and new and emerging vessel traffic control technology has stretched the ability of the present building structure to accommodate. Building access, equipment housing and VTC layout all are inadequate to provide an efficient vessel traffic control function. Computers, VCR's, Closed Circuit Television monitors, faxes, radios, micrwave and satellite transmitters and receivers, telephones, Global Positioning System tracking and display system, etc. must be incorporated into a new humanized design. As an initial step, proper ventilation equipment will be installed to avoid overheating of telephone and electronic equipment.

4. Paving and Drainage Improvements $180,000

This is an ongoing project to improve the surface, capacity and drainage of paved roads and parking areas. Many of the paved access roads at the locks and other Corporation facilities have heaved, settled and deformed under the loads and harsh weather conditions they have been subjected to. They have been patched and repaired repeatedly such that to improve them will in some cases require removal of the pavement, replacement and regrading of the base materials, designing and placing a new asphalt, pavement and modifying existing or installing new storm drainage systems. Pavement and drainage in the Eisenhower highway tunnel area will also be improved.

5. Electrical Equipment Upgrade $75,000

This is a continuous program to upgrade electrical/electronic controls for lock consoles, switchgear, recess controls, etc.. Work in these areas will be conducted during the navigation season with procurement in the winter. Electrical upgrade of stiffleg derricks, replacement of lock chamber heaters and lighting is planned.

6. Replace Closed Circuit Television (CCTV) Equipment $50,000

A Closed Circuit Television system for both locks, marine and maintenance facilities and highway tunnel was installed during 1986-87. It has become an essential part of equipment for vessel traffic management and security surveillance. This request is for upgrading/replacing cameras, monitors, VCR's, and related equipment at the present sites and for installation of two additional sites.

7. Replace Radio Telephone Lines $100,000

The existing land lines used to connect the VTC center with remote radio stations require upgrading. The high monthly line charges ($1,000 per station) provided by the local carrier, New York Telephone, make alternative technologies, such as microwave, cost effective. The Corporation presently utilizes a NYNEX Mobile cellular tower for one of its remote radio sites and other radio sites are in the vicinity of cellular towers. A new cooperative agreement with NYNEX Mobile will permit either direct use of microwave links between their towers or use of the towers for government owned microwave equipment.

8. Global Positioning System (GPS) Applications $125,000

This is an ongoing project aimed at incorporating new GPS technology in the performance of Corporation work. Work this year includes installation of a Differential GPS/Radiobeacon site in the Ogdensburg, New York area. This station, and one being installed at Tibbetts Point, New York by the USCG, will provide Differential GPS correction signals and 10 meter position accuracy from Lake Ontario to Massena, New York. An interagency agreement will be signed with U.S. Coast Guard for the operation and maintenance of this station. This project will improve safety of navigation in the Seaway.

9. Improve Tunnel Lighting $40,000

The tunnel electrical equipment is subject to adverse conditions and has become obsolete. Spare parts are no longer available and lighting conditions are poor. Traffic signal lights no longer meet highway codes or provide proper signaling protection when work is being performed in the tunnel. This is safety related work.

10. Tunnel Wingwall Improvements $75,000

    There has been movement of the highway tunnel wingwalls over the past several years. This project is to improve the stability of these walls by providing an anchoring system and by improving drainage for the backfill. This is a safety related project.

11. Upgrade Road Salt Storage Site $20,000

    This project will improve the road salt/sand storage site to reduce the amount of salt which leaches into the ground, in accordance with New York State Department of Environmental Conservation recommendations.

12. Replace Uninsulated Windows in Maintenance Building $20,000

    Uninsulated windows in the Maintenance Building will be replaced with insulated units to conserve energy.

Department of the Treasury

Justification for Appropriations
Fiscal Year 1995

FINANCIAL MANAGEMENT SERVICE

St Lawrence Seaway Toll Rebate Program

	Direct FTE	Amount ($000s)
FY 1994 APPROPRIATION (P.L. 102-124)	5	$ 9,707
• REPROGRAMMINGS	-2	---
FY 1994 AUTHORIZED LEVEL	3	9,707
Changes Proposed for FY 1995:		
• ADJUSTMENTS TO MAINTAIN CURRENT LEVELS	---	6
• REDUCTIONS, NON-RECURRING COSTS, AND SAVINGS	---	-394
Total FY 1995 Changes	---	-388
FY 1995 PRESIDENT'S BUDGET	3	$9,319

Highlights of FY 1994 Budget Changes

	Direct FTE	Amount ($000s)
Reprogrammings: This reflects a decrease in FTE based on anticipated administrative workload.	-2	---

Highlights of FY 1995 Budget Changes

	Direct FTE	Amount ($000s)
Adjustments to Maintain Current Levels: Funds are requested for inflationary cost increases.	---	6
Reductions, Non-Recurring Costs, and Savings: Decreases are proposed for mandated Executive Order 12837 which will be achieved primarily from reduced toll rebates.	---	-394

Financial Management Service, St. Lawrence Seaway Toll Rebate Program

ANALYSIS OF FISCAL YEAR 1994 AUTHORIZED LEVEL

	Permanent Positions	FTE	Amount ($000)
FY 1994 Appropriation (P.L. 103–122)	3	3	9,707
FY 1994 Authorized Level	3	3	9,707
FY 1995 Estimate	3	3	9,319

DIGEST OF FISCAL YEAR 1995 BUDGET ESTIMATES BY ACTIVITIES

(Dollars in thousands)

	ACTUALS		AUTHORIZED LEVEL		BUDGET ESTIMATE		INCREASE (+) OR DECREASE (–) FOR FY 1995					
	FY 1993		FY 1994		FY 1995		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
St. Lawrence Seaway Toll Rebate Program	5	8,779	3	11,211	3	9,319	0	(1,892)	0	0	0	(1,892)
Recovery of Prior Year Oblig.		0		0								
Unoblig. balance available, SOY		(2,085)		(1,504)		--		1,504				1,504
Unoblig. balance available, EOY		1,504		0		--		0				
Unobligated balance expiring		0		--		--		--				
Total appropriation, authorized level and budget estimate	5	8,198	3	9,707	3	9,319	0	(388)	0	0	0	(388)
Permanent positions	5		3		3		0		0		0	

2/7/94

Financial Management Service, St. Lawrence Seaway Toll Rebate Program

SUMMARY EXPLANATIONS OF FISCAL YEAR 1995 CHANGES REQUESTED
(DOLLARS IN THOUSANDS)

	Perm. Pos.	Total FTE	Amount
Other Changes:			
Adjustments Necessary to Maintain Current Levels:			
1. Annualization of FY 1994 Locality Pay Increases			$1
2. Cost of FY 1995 Pay Raise			$5
Subtotal, Adjustments Necessary to Maintain Current Levels			$6
Reductions, Nonrecurring Costs:			
1. Executive Order 12837			($394)
Subtotal, Reductions, Nonrecurring Costs			($394)
GRAND TOTAL, Increases or Decreases with FY 1995 Authorized Level	0	0	($388)

2/7/94

FINANCIAL MANAGEMENT SERVICE, St. Lawrence Seaway Toll Rebate Program

SUMMARY JUSTIFICATION OF FY 1995 BUDGET ESTIMATES

General Statement

The Harbor Maintenance Revenue Act of 1986 (P.L. 99-662, November 17, 1986) amended the Internal Revenue code to establish a harbor maintenance tax to be collected by the U.S. Customs Service on cargo imported to or exported from the United States, and established the Harbor Maintenance Trust Fund for deposit of these tax revenues. Section 805 of the Act requires that tolls collected by the St. Lawrence Seaway Development Corporation be transferred to the Harbor Maintenance Trust Fund, but that such tolls be rebated to those who were assessed.

The Act assigned the St. Lawrence Seaway Toll Rebate Program administrative and rebate responsibilities to the Secretary of the Treasury, which have been delegated to FMS. Funding requirements for the St. Lawrence Toll Rebate Program in FY 1995 are estimated to be $9,319,000 including administrative funds of $132,000 and 3 FTE positions.

Administrative responsibilities include the following:

- Promptly authorizing and making rebate payments;
- Maintaining general ledger accounts, recording receipt and disbursement information, and interacting with the St. Lawrence Seaway Development Corporation to resolve data discrepancies;
- Preparing all reports required by law and regulation and in response to ad hoc requests; providing estimates of program activity for budget and finance estimates;
- Managing the investment activity for transferred receipts awaiting disbursement; and
- Maintaining liaison with the St. Lawrence Seaway Development Corporation, Treasury's Office of Tax Analysis and other involved agencies in order to resolve any policy or management issues.

The FY 1995 budget requirement for the St. Lawrence Seaway Toll Rebate Program includes 3 authorized positions, 3 full-time equivalent (FTE) positions, and $9,319 million -- a decrease of $388,000 from the resource levels provided for FY 1994.

The net decrease of $388,000 is comprised of the following changes:

-- $6,000 increase Necessary to Maintain Current Levels

-- $394,000 decrease as a result of Executive Order 12837

2/7/94

DEPARTMENT OF THE TREASURY

FINANCIAL MANAGEMENT SERVICE

Federal Funds

General and special funds:

ST. LAWRENCE SEAWAY TOLL REBATE PROGRAM

For rebate of the United States' portion of tolls paid for use of the St. Lawrence Seaway, pursuant to Public Law 99-662, [$9,707,000] $9,319,000 to remain available until expended and to be derived from the Harbor Maintenance Trust Fund, of which not to exceed [$227,000] $132,000 shall be available for expenses of administering the rebates.

FINANCIAL MANAGEMENT SERVICE, St. Lawrence Seaway Toll Rebate Program

EXPLANATION OF FISCAL YEAR 1995 BUDGET INCREASES AND DECREASES

Funding requirements for the St. Lawrence Seaway Toll Rebate Program in FY 1995 are estimated to be $9,319,000 and three FTE positions. This is a decrease of $388,000 from the FY 1994 funding level of $9,707,000.

OTHER CHANGES:

Adjustments Necessary to Maintain Current Levels..............................$ 6,000

1. Annualization of FY 1994 Locality Pay Increases..........................$ 1,000

   An additional quarter of funding is needed to annualize the FY 1994 pay increase, which was effective for the last three quarters of FY 1994. The amount includes the cost of salaries and benefits that are directly related to salaries (such as retirement and life insurance), and was calculated as 25 percent of the annual value of the raise.

2. Increased Cost for Proposed FY 1995 Pay Raise............................$ 5,000

   The cost in salaries and benefits will increase, for the last three quarters of FY 1995, under a proposed 2.0 percent general schedule pay raise and a 1.5 percent pay raise for SES/EX employees. The amount was derived by multiplying the end-of-year 1994 annualized salary and related benefit costs by 75 percent of the proposed rate.

Reductions, Nonrecurring Costs and Savings...................................($ 394,000)

1. Executive Order on Administrative Cost Reduction.........................($ 394,000)

   Reflects the FY 1995 adjustment under Executive Order 12837, requiring that agencies reduce administrative costs by not less than 14 percent between 1994 and 1997. This is to be achieved by annual reductions of three percent (5% in 1997) to the FY 1993 amount, adjusted for inflation.

FINANCIAL MANAGEMENT SERVICE, St. Lawrence Seaway Toll Rebate Program

Standard Classification Schedule
(Direct Obligations only, $000)

	FY 1993 Actual	FY 1994 Proposed Authorized Level	FY 1995 Appropriation Request	FY 1995 Increase/Decrease from FY 1994
Total number of permanent positions............	5	3	3	0
Full Time Equivalent (FTE) workyears...........	5	3	3	0
Object classification				
Personnel compensation:				
Full-time permanent positions................	$119	$101	$106	$5
Other personnel compensation................	5	3	3	$0
Total personnel compensation.............	124	104	109	5
Personnel benefits..........................	25	21	22	1
Travel and transportation of persons..........	1	0	0	0
Rental payments to GSA......................	0	0	0	0
Communications, utilities, and miscellaneous charges..................................	0	0	0	0
Printing and reproduction....................	1	0	0	0
Other services..............................	8,625	11,086	9,188	(1,898)
Supplies and materials......................	1	0	0	0
Equipment..................................	2	0	0	0
Total Obligations........................	8,779	11,211	9,319	(1,892)
Unobligated balance SOY......................	(2,085)	(1,504)		1,504
Unobligated balance EOY......................	1,504			
Total Appropriation, Authorized Level, and Budget Estimate..........................	8,198	9,707	9,319	(388)

TUESDAY, MARCH 1, 1994.

PANAMA CANAL COMMISSION

WITNESSES

ROBERT R. McMILLAN, CHAIRMAN, BOARD OF DIRECTORS, PANAMA CANAL COMMISSION

GILBERTO GUARDIA, ADMINISTRATOR, PANAMA CANAL COMMISSION

MICHAEL RHODE, JR., SECRETARY, PANAMA CANAL COMMISSION

NORBERT E. KRAEGEL, CHIEF FINANCIAL OFFICER, PANAMA CANAL COMMISSION

THOMAS MATTHEWS, CHIEF, BUDGET MANAGEMENT DIVISION, PANAMA CANAL COMMISSION

AMANDA O'MEALLY, SUPERVISOR, BUDGET FORMULATION SECTION, PANAMA CANAL COMMISSION

CARMEN de LA GUARDIA, BUDGET ANALYST, BUDGET FORMULATION SECTION, PANAMA CANAL COMMISSION

BARBARA SANDERS, ASSISTANT TO THE SECRETARY FOR FINANCIAL AFFAIRS, PANAMA CANAL COMMISSION

DAVID BALLENGER, ASSISTANT TO THE SECRETARY FOR CONGRESSIONAL AFFAIRS, PANAMA CANAL COMMISSION

OPENING REMARKS

Mr. PRICE. [presiding]. Good morning. The Committee will come to order.

We are pleased today to welcome Panama Canal Commission representatives. Appearing is the new Chairman of the Board of the Commission, Mr. Robert R. McMillan. Also appearing is Mr. Gilberto Guardia, the Administrator of the Panama Canal Commission.

The total estimated operating cost for the Commission in 1995 is $549 million, reflecting a slight increase over the 1994 level. The proposed limitation on administrative expenses in the President's budget is $50,030,000, a decrease of $1,712,000 below the 1994 limitation.

Mr. McMillan, since this is your first appearance before this Subcommittee as Chairman of the Board, we will insert your biographical sketch in the record along with your prepared statement.

We would appreciate your summarizing the statement and then we will turn to Mr. Guardia and hear his comments before proceeding with the questions.

Mr. McMillan?

Mr. MCMILLAN. Thank you, Mr. Chairman, members of the Committee. I am Bob McMillan, the Chairman of the Board of the Panama Canal Commission. I have been a member of the Board since November of 1989 and was elected Chairman by my fellow Board members on October 27th of last year.

I thought I would give you a very brief summary of my full testimony, and with the Committee Chairman's consent, I would like to submit my full written testimony for the record.

At the outset, I would like to thank the leadership of this Subcommittee for its continued support for, and understanding of, the Commission. The agency is entering into what will be a most challenging part of the 20-year treaty period.

I know that you share the commitment to seeing the Canal succeed in the near term and for many years after the turn of the century. We will continue to rely on your special understanding of what I think is the most unique federal agency now in business.

Regarding long-term transition issues, I am going to leave much of the subject for the Administrator to cover, especially regarding the efforts of the Republic of Panama. I would like to, however, highlight a couple of examples of progress on this front.

CANAL ORGANIZATION STUDY

The Commission reported to this Committee last year on the commencement of a study, mandated by our 1993 Authorization Act, to examine possible changes to the Canal organization and to its governance to help facilitate the most successful transfer of the Canal possible.

The study was completed last year by the firm of Arthur Andersen and Company, and after consideration by the Board of Directors, it voted unanimously to adopt many of its recommendations which were then forwarded to the Administration for interagency review.

The end product of this discussion within the Administration will be a Presidential transmittal to the Congress of recommended changes to the Commission.

It would be very premature to discuss the study and the President's recommendations before this interagency process is complete and a formal transmittal to Congress is made by the President. However, I believe I can say that among the agencies with a significant stake in the Canal and its future, there has been a spirited discussion of the best actions to meet the responsibilities and hopes of the Panama Canal Treaties.

On another transition front, the U.S./Panama Consultative Committee has met four times since the last PCC appearance before this Subcommittee. The Consultative Committee serves as a binational body to discuss and recommend actions by both countries to implement the Panama Canal Treaties and to prepare the Republic of Panama for transfer of the Canal.

In its meetings, the committee discussed the full range of transition activities from the Arthur Andersen study mentioned above to the significant transition-related activities of the Republic of Panama, which Mr. Guardia will outline for you. As former chairmen and the administrator have repeatedly stated in past hearings, the Canal continues to meet the competition in a free, open and intensely competitive environment. The past year has been no exception. The Canal, as we all have come to expect, has performed its services to world shipping in an unparalleled and uninterrupted fashion.

Mr. Chairman, with your permission, I would like to publicly acknowledge the outstanding leadership of Administrator Guardia. During this past year, as in previous years, the United States is fortunate to have an administrator of the stature of Mr. Guardia.

Let me add at this point, most observers of the Panama Canal feel that Mr. Guardia is probably one of the finest Administrators in the history of the Panama Canal and we are very proud of him.

While meeting the day-to-day demands of the waterway, the Commission has kept its sights on longer-range goals of the Panama Canal Treaty. Panamanians now comprise 88 percent of the Commission work force as opposed to 69 percent on the effective date of the treaty.

As their experience and lengths of service accrue, Panamanian citizens are filling more upper management positions. For example, last year Mr. Numan Vasquez, a Panamanian citizen, was appointed as the first Panamanian Director of the Engineering and Construction Bureau, one of the three major operating bureaus in the organization. Panamanians now head two of these three important bureaus. They are plainly playing a significant role in the management, operation and maintenance of the Canal, including decision-making at the highest management levels. I believe Mr. Guardia's presence will make this point more convincingly than I ever could.

It has been an active year for the Board of Directors, with a view toward equipping the Board of Directors to meet the increasing challenges and responsibilities of preparing for transfer of the Canal to Panama. The Board at its January meeting, just a month and a half ago, approved the restructuring of its standing committees. These new committees consist of an Audit Committee, a Transition Committee, and a rechartered Personnel and Security Committee.

The membership ratio of all three committees remains the same, in which two U.S. and two Panamanian members serve on each. This structure continues to work well for the Board and represents a good example of the strong binational cooperation which is evident in the agency from the top to the bottom. These committees will increase the Board's involvement in the transition planning for the transfer of the waterway to full Panamanian control as well as increase the Board's engagement in oversight of Commission policies and programs.

Fiscal year 1993 was a difficult budget year for the Commission. As you know, difficult economic conditions resulted in reduced traffic and tolls for the agency. During the first four months of the current fiscal year, however, traffic levels have shown moderate but sustained growth and are expected to continue to do so for the remainder of the year as the U.S. economic recovery continues to gain strength.

With regard to fiscal year 1995, tolls revenue are projected to continue to grow, although at a more moderate rate. Upward pressure on costs is expected to be modest.

The Commission continues to be optimistic that, despite cost pressures and the decline in traffic volumes of the past year reflecting the state of the world economy, the Canal will not need to propose any increase in toll rates in the near future.

As you know, the Commission as a competitive entity, must be sensitive to the concerns of the world shipping community on costs.

Mr. Chairman, Mr. Guardia will be addressing the Commission fiscal year 1995 budget in some detail, so I will not duplicate his efforts here. At this time, I would like to express the Board members' appreciation for the loyalty and commitment of all Panama Canal Commission employees. Their dedication and professionalism have resulted in another year of safe and efficient service to the international shipping community.

Mr. Chairman, this concludes my remarks. I would like to suggest that Mr. Guardia present his statement, and then we will both be available to answer any questions the members of the Subcommittee might have.

Thank you very much.

Mr. PRICE. Thank you. That is how we will proceed.

[The prepared statement and biographical sketch of Mr. McMillan follow:]

FISCAL YEAR 1995
STATEMENT OF THE CHAIRMAN
OF THE BOARD OF DIRECTORS
PANAMA CANAL COMMISSION

BEFORE THE

TRANSPORTATION SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

March 1, 1994
10:00 a.m Room 2358
Rayburn House Office Building

INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM ROBERT R. MCMILLAN, THE CHAIRMAN OF THE BOARD OF THE PANAMA CANAL COMMISSION. I HAVE BEEN A MEMBER OF THE BOARD SINCE NOVEMBER, 1989 AND WAS ELECTED CHAIRMAN BY MY FELLOW BOARD MEMBERS ON OCTOBER 27TH OF LAST YEAR.

BEFORE GIVING MY BRIEF REPORT THIS MORNING, I WOULD LIKE TO THANK THE LEADERSHIP OF THIS SUBCOMMITTEE FOR ITS CONTINUED SUPPORT FOR, AND UNDERSTANDING OF, THE COMMISSION. THE AGENCY IS ENTERING INTO WHAT I THINK WILL BE THE MOST CHALLENGING PART OF THE TWENTY-YEAR TREATY PERIOD. I KNOW THAT YOU SHARE THE COMMITMENT TO SEEING THE CANAL SUCCEED, IN THE NEAR TERM AND FOR MANY YEARS AFTER THE TURN OF THE CENTURY. WE WILL CONTINUE TO RELY ON YOUR SPECIAL UNDERSTANDING OF WHAT PERHAPS IS THE MOST UNIQUE FEDERAL AGENCY NOW IN BUSINESS.

TRANSITION ISSUES

REGARDING LONG-TERM TRANSITION ISSUES, I AM GOING TO LEAVE MUCH OF THE SUBJECT FOR THE ADMINISTRATOR TO COVER, ESPECIALLY REGARDING THE EFFORTS OF THE REPUBLIC OF PANAMA. I WOULD LIKE TO HIGHLIGHT A COUPLE OF EXAMPLES OF PROGRESS ON THIS FRONT, HOWEVER.

THE COMMISSION REPORTED TO THIS COMMITTEE LAST YEAR ON THE COMMENCEMENT OF A STUDY, MANDATED BY OUR 1993 AUTHORIZATION ACT, TO EXAMINE POSSIBLE CHANGES TO THE CANAL ORGANIZATION AND TO ITS GOVERNANCE TO HELP FACILITATE THE MOST SUCCESSFUL TRANSFER OF THE CANAL POSSIBLE. THE STUDY WAS COMPLETED LAST YEAR BY THE FIRM OF ARTHUR ANDERSEN & COMPANY, AND AFTER CONSIDERATION BY THE BOARD OF DIRECTORS, IT VOTED UNANIMOUSLY TO ADOPT MANY OF ITS RECOMMENDATIONS WHICH WERE THEN FORWARDED TO THE ADMINISTRATION FOR INTERAGENCY REVIEW. THE END PRODUCT OF THIS DISCUSSION WITHIN THE ADMINISTRATION WILL BE A PRESIDENTIAL TRANSMITTAL TO THE CONGRESS OF RECOMMENDED CHANGES TO THE COMMISSION WHICH WOULD FACILITATE AND ENCOURAGE THE OPERATION OF THE CANAL BY AN AUTONOMOUS ENTITY UNDER THE GOVERNMENT OF PANAMA. THIS GOAL IS ALSO CLEARLY IN THE LONG-TERM INTERESTS OF THE UNITED STATES, AS IT LOOKS TO THE FUTURE AS A USER OF THE CANAL, NOT AS ITS OPERATOR.

IT WOULD BE PREMATURE TO DISCUSS THE STUDY AND THE PRESIDENT'S RECOMMENDATIONS BEFORE THIS INTERAGENCY PROCESS IS COMPLETE AND A FORMAL TRANSMITTAL TO THE CONGRESS IS MADE BY THE PRESIDENT. HOWEVER, I BELIEVE I CAN SAY THAT AMONG THE AGENCIES WITH A SIGNIFICANT STAKE IN THE CANAL AND ITS FUTURE, THERE HAS BEEN A SPIRITED DISCUSSION OF THE BEST ACTIONS TO TAKE TO MEET THE RESPONSIBILITIES AND HOPES OF THE PANAMA CANAL TREATIES.

1993 SAW THE COMPLETION OF A CANAL ALTERNATIVE STUDY (CAS), AFTER EIGHT YEARS OF WORK. THE CAS REPRESENTS A LARGE

INTERNATIONAL EFFORT, PURSUANT TO ARTICLE XII OF THE PANAMA CANAL TREATY, TO EXAMINE NEEDS FOR, AND OPTIONS REGARDING, AN ADDITIONAL ISTHMIAN CANAL OR IMPROVEMENTS TO THE CURRENT CANAL IN THE FORESEEABLE FUTURE. THE STUDY, IT MUST BE SAID, CONFIRMED THE FORWARD-THINKING ACTIONS OF THE COMMISSION IN UNDERTAKING THE WIDENING OF THE GAILLARD CUT, A DECISION REACHED BY THE BOARD ON JULY 11, 1991.

CAS CONCLUDED THAT, WITH THE CUT WIDENING, THE CANAL SHOULD BE ABLE TO MEET PROJECTED TRAFFIC DEMAND WELL INTO THE NEXT CENTURY. OTHER THAN SAYING THIS, I WILL NOT ATTEMPT TO SUMMARIZE THE COMMISSIONERS' LENGTHY AND DETAILED REPORT HERE. AS THIS COMMITTEE IS AWARE, THIS WAS NOT A PANAMA CANAL COMMISSION STUDY BUT A JOINT GOVERNMENT STUDY BY REPRESENTATIVES FROM THE UNITED STATES, PANAMA AND JAPAN.

ANOTHER TREATY INSTITUTION WHICH PROVIDED A GOVERNMENT TO GOVERNMENT FORUM FOR THE ADDRESSING OF TRANSITION ISSUES WAS THE U.S./PANAMA CONSULTATIVE COMMITTEE, WHICH MET FOUR TIMES SINCE THE LAST PCC APPEARANCE BEFORE THIS SUBCOMMITTEE. THE CONSULTATIVE COMMITTEE SERVES AS A BINATIONAL BODY TO DISCUSS AND RECOMMEND ACTIONS BY BOTH COUNTRIES TO IMPLEMENT THE PANAMA CANAL TREATIES AND TO PREPARE THE REPUBLIC OF PANAMA FOR TRANSFER OF THE CANAL. IN ITS MEETINGS, THE COMMITTEE DISCUSSED THE FULL RANGE OF TRANSITION ACTIVITIES, FROM THE ARTHUR ANDERSEN STUDY MENTIONED ABOVE TO THE SIGNIFICANT TRANSITION-RELATED ACTIVITIES

OF THE REPUBLIC OF PANAMA, WHICH MR. GUARDIA WILL OUTLINE FOR YOU.

OPERATING ENVIRONMENT

AS FORMER CHAIRMEN AND THE ADMINISTRATOR HAVE REPEATEDLY STATED IN PAST HEARINGS, THE CANAL CONTINUES TO MEET THE COMPETITION IN A FREE, OPEN AND INTENSELY COMPETITIVE ENVIRONMENT. THE PAST YEAR HAS BEEN NO EXCEPTION. THE CANAL, AS WE ALL HAVE COME TO EXPECT, HAS PERFORMED ITS SERVICES TO WORLD SHIPPING IN UNPARALLELED, AND UNINTERRUPTED, FASHION. MR. CHAIRMAN, WITH YOUR PERMISSION, I WANT TO PUBLICLY ACKNOWLEDGE THE OUTSTANDING LEADERSHIP OF ADMINISTRATOR GUARDIA. DURING THIS PAST YEAR, AS IN PREVIOUS YEARS, THE UNITED STATES IS FORTUNATE TO HAVE AN ADMINISTRATOR OF THE STATURE OF MR. GUARDIA.

WHILE MEETING THE DAY-TO-DAY DEMANDS OF THE WATERWAY, THE COMMISSION HAS KEPT ITS SIGHTS ON THE LONGER-RANGE GOALS OF THE PANAMA CANAL TREATY. PANAMANIANS NOW COMPRISE 88 PERCENT OF THE COMMISSION WORK FORCE, AS OPPOSED TO 69 PERCENT ON THE EFFECTIVE DATE OF THE TREATY. AS THEIR EXPERIENCE AND LENGTH OF SERVICE ACCRUE, PANAMANIAN CITIZENS ARE FILLING MORE UPPER MANAGEMENT POSITIONS.

FOR EXAMPLE, LAST YEAR, MR. NUMAN VASQUEZ, A PANAMANIAN CITIZEN, WAS APPOINTED AS THE FIRST PANAMANIAN DIRECTOR OF THE

ENGINEERING AND CONSTRUCTION BUREAU, ONE OF THE THREE MAJOR OPERATING BUREAUS IN THE ORGANIZATION. PANAMANIANS NOW HEAD TWO OF THESE THREE IMPORTANT BUREAUS. THEY ARE PLAINLY PLAYING A SIGNIFICANT ROLE IN THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE CANAL, INCLUDING DECISION-MAKING AT THE HIGHEST MANAGEMENT LEVELS. I BELIEVE MR. GUARDIA'S PRESENCE WILL MAKE THIS POINT MORE CONVINCINGLY THAN I EVER COULD, HOWEVER.

BOARD ACTIVITIES

IT HAS BEEN AN ACTIVE YEAR FOR THE BOARD OF DIRECTORS. WITH A VIEW TOWARD EQUIPPING THE BOARD OF DIRECTORS TO MEET THE INCREASING CHALLENGES AND RESPONSIBILITIES OF PREPARING FOR TRANSFER OF THE CANAL TO PANAMA, THE BOARD AT ITS JANUARY MEETING APPROVED THE RESTRUCTURING OF ITS STANDING COMMITTEES. THESE NEW COMMITTEES CONSIST OF AN AUDIT COMMITTEE, A TRANSITION COMMITTEE, AND A RECHARTERED PERSONNEL AND SECURITY COMMITTEE.

THE AUDIT COMMITTEE PROVIDES OVERSIGHT OF THE COMMISSION'S FINANCIAL REPORTING AND ACCOUNTING PRACTICES, AND ASSESSMENT OF THE ADEQUACY OF THE INTERNAL ACCOUNTING AND CONTROL SYSTEMS THROUGH REGULAR CONSULTATION WITH SENIOR COMMISSION MANAGEMENT AS WELL AS OTHERS.

THE TRANSITION COMMITTEE PROVIDES OVERSIGHT OF THE COMMISSION'S TRANSITION PLANNING AND IMPLEMENTATION ACTIONS IN

THREE DISTINCT AREAS: (1) THE TERMINATION OF THE COMMISSION AS A U.S. GOVERNMENT AGENCY; (2) THE TRANSFER OF THE ASSETS AND FUNCTIONS OF THE COMMISSION TO THE DESIGNATED REPUBLIC OF PANAMA ENTITY AS REQUIRED BY THE PANAMA CANAL TREATY OF 1977; AND (3) LIAISON WITH, AND THE PROVISION OF INFORMATION AND ADVICE TO, PANAMA'S OWN TRANSITION PLANNERS.

THE PERSONNEL AND SECURITY COMMITTEE CONTINUES TO PROVIDE OVERSIGHT OF THE COMMISSION'S MAJOR PERSONNEL ADMINISTRATION PROGRAMS AND POLICIES, AS WELL AS THE SECURITY PROGRAM FOR ITS PERSONNEL AND VITAL INSTALLATIONS. THIS COMMITTEE'S FOCUS IS TO ENSURE A VIABLE PERSONNEL SYSTEM THAT WILL SERVE EFFECTIVELY THROUGH THE REMAINING TRANSITION YEARS AND THAT COULD BE CARRIED FORWARD BY THE SUCCESSOR ENTITY.

THE MEMBERSHIP RATIO OF ALL THREE COMMITTEES REMAINS THE SAME, IN WHICH TWO U.S. AND TWO PANAMANIAN MEMBERS SERVE ON EACH. THIS STRUCTURE CONTINUES TO WORK WELL FOR THE BOARD, AND REPRESENTS A GOOD EXAMPLE OF THE STRONG BINATIONAL COOPERATION WHICH IS EVIDENT IN THE AGENCY FROM TOP TO BOTTOM.

IN SUM, THESE COMMITTEES WILL INCREASE THE BOARD'S SUPPORT OF MANAGEMENT AND ITS INVOLVEMENT IN THE TRANSITION PLANNING FOR TRANSFER OF THE WATERWAY TO FULL PANAMANIAN CONTROL, AS WELL AS INCREASE THE BOARD'S ENGAGEMENT IN OVERSIGHT OF COMMISSION POLICIES AND PROGRAMS.

BUDGET PROGRAMS

FY 1993 WAS A DIFFICULT BUDGET YEAR FOR THE COMMISSION. THE 9.9 PERCENT INCREASE IN TOLL RATES WHICH TOOK EFFECT ON OCTOBER 1, 1992 RESULTED IN AN INCREASE IN TOLLS REVENUE OVER FY 1992. HOWEVER, CANAL TRAFFIC CONTINUED TO DECLINE FOR THE SECOND YEAR IN A ROW FROM FISCAL YEAR 1991 LEVELS. DESPITE THE TOLL INCREASE, THE DECLINE IN TRAFFIC, WHEN MEASURED AGAINST OUR BUDGETED REVENUE, WAS ESPECIALLY PRONOUNCED DURING THE LAST FOUR MONTHS OF THE FISCAL YEAR AND RESULTED IN LOWER THAN ANTICIPATED TOLLS REVENUE FOR THE YEAR.

THE COMMISSION HELD THE LINE ON COSTS; HOWEVER, THE LATE BREAKING NATURE OF THE REVENUE SHORTFALL MADE OFFSETTING COST REDUCTIONS MORE DIFFICULT. DESPITE THESE ADVERSITIES, THE COMMISSION RECOVERED $3.0 MILLION OF THE $3.6 MILLION IN FY 1992 LOSSES. AS MR. GUARDIA WILL EXPLAIN, THE REMAINING AMOUNT WILL BE RECOVERED IN FISCAL YEAR 1994.

DURING THE FIRST FOUR MONTHS OF THE CURRENT FISCAL YEAR, TRAFFIC LEVELS HAVE SHOWN MODERATE BUT SUSTAINED GROWTH AND ARE EXPECTED TO CONTINUE TO DO SO FOR THE REMAINDER OF THE YEAR AS THE U.S. ECONOMIC RECOVERY CONTINUES TO GAIN STRENGTH.

WITH REGARDS TO FISCAL YEAR 1995, TOLLS REVENUE ARE PROJECTED TO CONTINUE TO GROW, ALTHOUGH AT A MORE MODERATE RATE.

UPWARD INFLATIONARY PRESSURE ON COSTS IS EXPECTED TO BE MODEST BECAUSE OF THE WAGE RATE ADJUSTMENT ASSUMED IN THE BUDGET AND THE LOW INFLATION RATES ANTICIPATED IN 1995.

THE COMMISSION CONTINUES TO BE OPTIMISTIC THAT, DESPITE COST PRESSURES AND THE DECLINE IN TRAFFIC VOLUMES OF THE PAST YEAR REFLECTING THE STATE OF THE WORLD ECONOMY, THE CANAL WILL NOT NEED TO PROPOSE ANY INCREASE IN TOLL RATES IN THE NEAR FUTURE. AS YOU KNOW, THE COMMISSION, AS A COMPETITIVE ENTITY, MUST BE SENSITIVE TO THE CONCERNS OF THE WORLD SHIPPING COMMUNITY ON COSTS.

MR. CHAIRMAN, WHILE MR. GUARDIA WILL ADDRESS THE COMMISSION'S FISCAL YEAR 1995 BUDGET IN SOME DETAIL, I WISH TO AFFIRM THAT THE PROGRAMS FOR THAT YEAR ARE ESSENTIAL AND ARE IN ACCORD WITH THOSE OF THE PRESIDENT.

RECOGNITION OF CANAL EMPLOYEES

AT THIS TIME, I WOULD LIKE TO EXPRESS THE BOARD MEMBERS' APPRECIATION FOR THE LOYALTY AND COMMITMENT OF ALL PANAMA CANAL COMMISSION EMPLOYEES. THEIR DEDICATION AND PROFESSIONALISM HAVE RESULTED IN ANOTHER YEAR OF SAFE AND EFFICIENT SERVICE TO THE INTERNATIONAL SHIPPING COMMUNITY. THEIR DEDICATION HAS ALSO BEEN DEMONSTRATED BY THEIR CONSISTENT EFFORTS TO IMPROVE CANAL OPERATIONS, CONTROL COSTS AND PROVIDE QUALITY CUSTOMER SERVICE.

FOR EXAMPLE, THE COMMISSION'S EMPLOYEE SUGGESTION PROGRAM CONTINUES TO RESULT IN CONSTRUCTIVE IMPROVEMENTS IN THE CANAL'S OPERATIONS. IT IS THIS KIND OF INDIVIDUAL DEDICATION WHICH MAKES THE CANAL A MODEL OF EFFICIENCY FOR WORLD SHIPPING.

CONCLUSION

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED REMARKS. I WOULD LIKE TO SUGGEST THAT MR. GUARDIA PRESENT HIS STATEMENT AND THEN WE WILL BOTH BE AVAILABLE TO ANSWER ANY QUESTIONS THE MEMBERS OF THE COMMITTEE MAY HAVE. THANK YOU.

ROBERT R. MCMILLAN

Robert R. McMillan is a Partner in law firm of McMillan, Rather, Bennett & Rigano, P.C.

During the course of his career, he was employed by Avon Products, Inc. for sixteen years. As an Officer of Avon for ten years, he was responsible, at various times, for the Asia-Pacific Profit Center; International Legal Affairs; Worldwide Government Affairs; Personnel; Public Relations; the Avon Foundation; Worldwide Data Processing Systems; Women's Sports Programs; and Community Affairs. Prior to joining Avon, he served as an Honor Graduate Attorney in the Anti-Trust Division of the United States Department of Justice; Counsel to U.S. Senator Kenneth B. Keating; Special Assistant to Richard M. Nixon prior to his Presidency; and Government Relations Advisor for Mobil Oil Corporation. He was also Senior Vice President of Abraham & Straus.

After running for the United States Senate in 1988 and winning editorial "praise" from the New York Times, Mr. McMillan was named by President George W. Bush to the Board of the Panama Canal Commission. He was confirmed by the United States Senate for the post on November 19, 1989. On October 27, 1993, Mr. McMillan was elected Chairman of the Canal's Board of Directors.

In the private sector, he serves as a member of the Boards of Lumex, Inc., a major health care equipment manufacturer, and Curtains & Home, Inc., a multi store retailer of home decorating items.

Mr. McMillan has been a member of numerous other government commissions and boards including President Reagan's Advisory Committee on Women's Business Ownership, [1983-1985]; Industry Policy Advisory Committee, a trade policy committee for the U.S. Trade Representative and the Secretary of Commerce, [1983 to 1986]; New York State Statue of Liberty Centennial Commission, [1984-1986]; Advisor to the U.S. Delegation to Consumer Policy Meetings of OECD, [several times from 1972 to 1974]; and New York State Commission on Powers of Local Government (Wagner Commission), [1971-1973].

He has also served on numerous voluntary boards and committees including Board of Directors of the Long Island Association; Board of Old Westbury College Foundation; Co-Chairman of the 100th Anniversary Celebration of the Cold Spring Harbor Laboratory; and Board of Trustees of Old Westbury Gardens.

In 1987, he founded the Long Island Housing Partnership, Inc. -- the first suburban coalition of business, labor, religious organizations and institutions of higher learning in the country to build and facilitate the construction of affordable housing. He is currently Chairman of the Partnership. Because of his work with the Partnership, Mr. McMillan was named 1992 Entrepreneur of the Year for the most socially responsible company on Long Island.

Mr. McMillan has been the recipient of several awards including the Brotherhood Award of the National Conference of Christians and Jews, [1987]; Distinguished Citizen Award of the Nassau County Museum of Fine Arts Association, [1987]; Long Island Distinguished Leadership Award, [1987]; Pioneer Vision Award of the United Way of Long Island, [1988]; Michael Musmanno National Columbus Day Award [1988]; Community Service Award of the New York Boys Choir [1988]; the Rough Rider and Good Scout awards of the Boy Scouts of America, [1988 and 1989]; and the Excellence in Leadership Award of the Helen Keller Services for the Blind [1990].

He served in the United States Army from 1952 to 1954 and left the Army as a First Lieutenant. He was awarded the Bronze Star Medal while serving in Korea.

Mr. McMillan received his J.D. from Brooklyn Law School in 1960 after completing his undergraduate work at Adelphi University.

Mr. McMillan writes a weekly newspaper column and co-hosts "Face-Off" a one half hour weekly television show on WLIW 21 relating to public policy issues.

INTRODUCTIONS

Mr. PRICE. Mr. Guardia, we will be glad to hear from you.

Mr. GUARDIA. Thank you very much.

Mr. Chairman, with your permission, I will summarize my testimony and submit the full statement for the record.

Members of the Subcommittee, I am Gilberto Guardia, Administrator of the Panama Canal Commission. I am pleased to appear before you today to present the fiscal year 1995 budget programs of the Panama Canal Commission, the United States agency responsible for the management and operation of the Panama Canal.

I would like first to express my appreciation for the very gracious and generous words of Chairman McMillan with regard to the Panama Canal work force, the management team, and the administrator.

Thank you very much, Mr. McMillan.

I would also like to take this opportunity to again express my sincere appreciation to the Subcommittee and each of its members for the support and assistance they have provided the Panama Canal Commission during the recent years.

Mr. Chairman, I look forward to a continuation of this harmonious and productive relationship in the future under your leadership.

As background for the review of our fiscal year 1995 budget programs, I will comment first on the operating results for fiscal year 1993 and our current outlook for fiscal year 1994.

OVERVIEW OF 1993

The sluggish Canal trade performance during fiscal year 1992 continued into 1993, with most elements of Canal traffic declining for the second consecutive year. Tolls revenue at $401 million increased 8.7 percent, due to the toll rate increase implemented on October 1, 1992. Adjusted for the rate increase, tolls revenue was actually down 1.1 percent.

Oceangoing transits fell 3 percent in 1993, while Panama Canal net tonnage declined 1.3 percent. Commercial cargo, the underlying driver of Canal traffic activity, dropped 1 percent.

The declining Canal trade results were due to a combination of factors, some of which constitute normal cyclical economic and market fluctuations of a temporary nature.

Among the cyclical effects taking a toll on Canal trade was a prolonged economic recession in Japan and Europe and the slow pace of the U.S. economic recovery. The economic performance of these regions largely influences Canal traffic, since each of them typically account for large volumes of trade through the waterway.

Compounding the effects of the recession were cyclical market developments, such as the decline in the important refrigerated products trade, particularly Ecuadorian banana and Chilean fruit exports, which have been suffering from depressed demand stemming from a bumper European fruit harvest.

The losses experienced during 1993 in commodities, such as coal and automobiles and the major U.S. East Coast-Asia container cargo trade, overrode significant gains in corn, chemicals and petroleum chemicals, a moderate improvement in crude oil and petroleum and petroleum products, and a marked expansion in container traffic to and from South America.

The cyclical effects occurring in certain trades contributed to the overall decline in the levels of Canal traffic in 1993.

Despite the decline in traffic, the 9.9 percent toll rate increase, combined with a tight control on operating costs allowed the Commission to recover $3 million of the $3.6 million loss incurred in fiscal year 1992 and to complete the financing of its $38 million capital program. The balance of the $600,000 loss from 1992 will be carried forward and is budgeted to be recovered in fiscal year 1994.

FISCAL YEAR 1994

Canal traffic and tolls revenue in fiscal year 1994 are projected to reverse the two-year decline and begin to recover as the U.S. economy strengthens and marginal improvements occur in the Japanese and European economies in the coming months. Other Far East economies, important to Canal traffic, such as Taiwan and South Korea, although affected by slightly weaker export markets, are expected to remain fairly strong.

Canal trade patterns during the first four months of fiscal year 1994 further support the outlook for modest growth during the year. Most elements of Canal traffic are running above prior year levels. Oceangoing transits and tolls revenue are up 2.8 percent and 5 percent, respectively, over last year.

Accordingly, tolls revenue is estimated at $412 million, an increase of approximately 2.8 percent. Total operating revenues are forecast at $536 million after deducting $11.5 million for the financing of our capital expenditure program and $5 million for working capital.

In summary, the traffic decline experienced in fiscal years 1992 and 1993 is expected to turn around, leading to moderate growth in Canal traffic.

The increase in operating costs has been held to 2 percent over 1993, and at the bottom line, the Commission will break even for the year, recover the $600 thousand loss carryover from fiscal year 1992, and finance the $39 million capital expenditures planned for the year.

OUTLOOK

Turning to fiscal year 1995, the Commission budget provides for a break-even operation. Total operating revenues are estimated at $549 million. Total operating revenues for 1995 include an estimated $419 million in tolls revenue, at existing toll rates. Other revenues, principally from the services provided to transiting vessels, are forecast at a $144 million.

Canal traffic is expected to continue growing, however, at a slower pace, driven by a modest but broad-based trade recovery. Grain, representing the single largest tonnage in Canal trade, is projected to grow marginally, and the container trade should strengthen as traffic to and from the West Coast of South America continues to expand.

The South American container trade, however, is small relative to the other major container movements. The traditionally dwindling coal movement is expected to experience some small growth fueled primarily by increasing flows from the West Coast of Canada to Europe.

Additionally, the automobile trade, which has been on a declining trend since 1988, has bottomed out and is not expected to detract noticeably from overall results. The banana trade is projected to remain flat or fall slightly from the levels estimated in 1994, barring the as yet unknown effects of the European Common Market restrictions. Based on the level of cargo projected for fiscal year 1995, oceangoing transits are forecast to rise 0.8 percent.

As a matter of note, the North American Free Trade Agreement, NAFTA, is not expected to impact on the Canal trade in the next couple of years. Over the longer term, the agreement could have some marginal negative impact on Canal flows if trade diverts from the non-NAFTA countries, particularly Asian producers, that export to the U.S.

The products affected, however, would most likely be manufacturing exports, such as electrical equipment, consumer electronics, textiles and automobile parts.

Total operating costs in 1995 are estimated at $549 million, an increase of 2.6 percent. Payroll and related costs are budgeted at $302 million and assume a 1.6 percent pay increase effective January 1, 1995.

Treaty-mandated payments to Panama are estimated at $93 million, an increase of 3.5 percent, as a result of the higher traffic levels and an increase in the tonnage payment rate from 36 cents to 37 cents for each Panama Canal net ton transiting the waterway.

In summary, the Commission has budgeted a break-even operation for 1995, recovering all costs of operations and the funds required to finance its capital improvement programs and working capital requirements.

Mr. Chairman, I would suggest that we leave the rest of my statement for the record and go into the question-and-answer period since I know that you have limited time.

I would be glad with Mr. McMillan to respond to any questions that you may have with regards to the 1995 program or the current year program.

Mr. PRICE. Thank you. We will put the remainder of your statement in the record and we will proceed with questions. I am sure we will not get through all of them, so we will ask you to respond to some of these questions for the record.

[The prepared statement and biographical sketch of Mr. Guardia follow:]

FISCAL YEAR 1995

BUDGET PROGRAMS

STATEMENT OF THE

ADMINISTRATOR

PANAMA CANAL COMMISSION

BEFORE THE

TRANSPORTATION SUBCOMMITTEE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

MARCH 1, 1994
10:00 A.M., ROOM 2358
RAYBURN HOUSE OFFICE BUILDING

INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM GILBERTO GUARDIA, ADMINISTRATOR OF THE PANAMA CANAL COMMISSION. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO PRESENT THE FISCAL YEAR 1995 BUDGET PROGRAMS OF THE PANAMA CANAL COMMISSION, THE UNITED STATES AGENCY RESPONSIBLE FOR THE MANAGEMENT AND OPERATION OF THE PANAMA CANAL.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO AGAIN EXPRESS MY SINCERE APPRECIATION TO THE SUBCOMMITTEE AND EACH OF ITS MEMBERS FOR THE SUPPORT AND ASSISTANCE THAT THEY HAVE PROVIDED THE PANAMA CANAL COMMISSION DURING THE RECENT YEARS. MR. CHAIRMAN, I LOOK FORWARD TO A CONTINUATION OF THIS HARMONIOUS AND PRODUCTIVE RELATIONSHIP IN THE FUTURE UNDER YOUR LEADERSHIP.

AS BACKGROUND FOR THE REVIEW OF OUR FISCAL YEAR 1995 BUDGET PROGRAMS, I WILL COMMENT FIRST ON THE OPERATING RESULTS FOR FISCAL YEAR 1993 AND OUR CURRENT OUTLOOK FOR FISCAL YEAR 1994.

OVERVIEW OF FISCAL YEAR 1993

THE SLUGGISH CANAL TRADE PERFORMANCE DURING FISCAL YEAR 1992 CONTINUED INTO 1993, WITH MOST ELEMENTS OF CANAL TRAFFIC DECLINING

FOR THE SECOND CONSECUTIVE YEAR. TOLLS REVENUE, AT $401 MILLION, INCREASED 8.7 PERCENT FROM THE $369 MILLION COLLECTED IN 1992, DUE TO THE TOLL RATE INCREASE IMPLEMENTED ON OCTOBER 1, 1992. ADJUSTED FOR THE RATE INCREASE, TOLLS REVENUE WAS ACTUALLY DOWN 1.1 PERCENT. THE DECLINE IN TRAFFIC RELATIVE TO BUDGET WAS ESPECIALLY PRONOUNCED IN THE LATTER PART OF THE FISCAL YEAR.

OCEANGOING TRANSITS FELL 3.0 PERCENT FROM 12,636 IN FISCAL YEAR 1992 TO 12,257 IN 1993, WHILE PANAMA CANAL NET TONNAGE DECLINED 1.3 PERCENT FROM 190 MILLION TONS IN FISCAL YEAR 1992 TO 188 MILLION TONS IN FISCAL YEAR 1993. COMMERCIAL CARGO, THE UNDERLYING DRIVER OF CANAL TRAFFIC ACTIVITY, DROPPED ONE PERCENT FOLLOWING A DECLINE OF 2.1 PERCENT IN 1992.

THE DECLINING CANAL TRADE RESULTS WERE DUE TO A COMBINATION OF FACTORS, SOME OF WHICH CONSTITUTE NORMAL CYCLICAL ECONOMIC AND MARKET FLUCTUATIONS OF A TEMPORARY NATURE.

AMONG THE CYCLICAL EFFECTS, TAKING A TOLL ON CANAL TRADE, WAS THE PROLONGED ECONOMIC RECESSION IN JAPAN AND EUROPE AND THE SLOW PACE OF THE U.S. ECONOMIC RECOVERY. THE ECONOMIC PERFORMANCE OF THESE REGIONS LARGELY INFLUENCES CANAL TRAFFIC, SINCE EACH OF THEM TYPICALLY ACCOUNTS FOR LARGE VOLUMES OF TRADE THROUGH THE WATERWAY.

COMPOUNDING THE EFFECTS OF THE RECESSION WERE CYCLICAL MARKET DEVELOPMENTS, SUCH AS THE DECLINE IN THE IMPORTANT REFRIGERATED PRODUCTS TRADE, PARTICULARLY ECUADORIAN BANANA AND CHILEAN FRUIT EXPORTS WHICH HAVE BEEN SUFFERING FROM DEPRESSED DEMAND STEMMING FROM A BUMPER EUROPEAN FRUIT HARVEST.

THE LOSSES EXPERIENCED DURING 1993 IN COMMODITIES SUCH AS COAL AND AUTOMOBILES, AND THE MAJOR U.S. EAST COAST - ASIA CONTAINER CARGO TRADE, OVERRODE SIGNIFICANT GAINS IN CORN, CHEMICALS, AND PETROLEUM CHEMICALS, A MODERATE IMPROVEMENT IN CRUDE OIL AND PETROLEUM AND PETROLEUM PRODUCTS, AND A MARKED EXPANSION IN CONTAINER TRAFFIC TO AND FROM SOUTH AMERICA.

THE CYCLICAL EFFECTS OCCURRING IN CERTAIN TRADES CONTRIBUTED TO THE OVERALL DECLINE IN THE LEVELS OF CANAL TRAFFIC IN 1993.

DESPITE THE DECLINE IN TRAFFIC, THE 9.9 PERCENT TOLL RATE INCREASE, COMBINED WITH A TIGHT CONTROL ON OPERATING COSTS

ALLOWED THE COMMISSION TO RECOVER $3.0 MILLION OF THE $3.6 MILLION LOSS INCURRED IN FISCAL YEAR 1992 AND TO COMPLETE THE FINANCING OF ITS $38 MILLION CAPITAL PROGRAM. THE BALANCE OF THE $600 THOUSAND LOSS FROM 1992 WILL BE CARRIED FORWARD AND IS BUDGETED TO BE RECOVERED IN FISCAL YEAR 1994.

FISCAL YEAR 1994

WITH REFERENCE TO OUR CURRENT YEAR OPERATIONS, CANAL TRAFFIC AND TOLLS REVENUE IN FISCAL YEAR 1994 ARE PROJECTED TO REVERSE THE TWO YEAR DECLINE AND BEGIN TO RECOVER AS THE U.S. ECONOMY STRENGTHENS AND MARGINAL IMPROVEMENTS OCCUR IN THE JAPANESE AND EUROPEAN ECONOMIES IN THE COMING MONTHS. OTHER FAR EAST ECONOMIES, IMPORTANT TO CANAL TRAFFIC, SUCH AS TAIWAN AND SOUTH KOREA, ALTHOUGH AFFECTED BY SLIGHTLY WEAKER EXPORT MARKETS, ARE EXPECTED TO REMAIN FAIRLY STRONG.

CANAL TRADE PATTERNS DURING THE FIRST FOUR MONTHS OF FISCAL YEAR 1994 FURTHER SUPPORT THE OUTLOOK FOR MODEST GROWTH DURING THE YEAR. MOST ELEMENTS OF CANAL TRAFFIC ARE RUNNING ABOVE PRIOR YEAR LEVELS. OCEANGOING TRANSITS AND TOLLS REVENUE ARE UP 2.8 PERCENT AND 5.0 PERCENT, RESPECTIVELY, OVER LAST YEAR. ADDITIONALLY, TOTAL CARGO TONNAGE PASSING THROUGH THE CANAL IS GROWING AT A RELATIVELY HIGH RATE, INDICATING THAT A RECOVERY IN CANAL ACTIVITY IS UNDERWAY.

ACCORDINGLY, OCEANGOING TRANSITS IN FISCAL YEAR 1994 ARE NOW FORECAST AT 12,375 OR 33.9 DAILY AND TOLLS REVENUE IS ESTIMATED AT $412 MILLION, AN INCREASE OF APPROXIMATELY 2.8 PERCENT FROM 1993. TOTAL OPERATING REVENUES ARE FORECAST AT $536 MILLION AFTER DEDUCTING $11.5 MILLION FOR THE FINANCING OF OUR CAPITAL EXPENDITURE PROGRAM AND $5 MILLION FOR WORKING CAPITAL.

IN SUMMARY, THE TRAFFIC DECLINE EXPERIENCED IN FISCAL YEARS 1992 AND 1993 IS EXPECTED TO TURN AROUND, LEADING TO MODERATE GROWTH IN CANAL TRAFFIC. THE INCREASE IN OPERATING COSTS HAS BEEN HELD TO 2 PERCENT OVER 1993 AND AT THE BOTTOM LINE, THE COMMISSION WILL BREAK EVEN FOR THE YEAR, RECOVER THE $600 THOUSAND LOSS CARRY OVER FROM FISCAL YEAR 1992 AND FINANCE THE $39 MILLION CAPITAL EXPENDITURES PLANNED FOR THE YEAR.

OUTLOOK FOR FISCAL YEAR 1995

TURNING TO FISCAL YEAR 1995, THE COMMISSION'S BUDGET PROVIDES FOR A BREAK-EVEN OPERATION. TOTAL OPERATING REVENUES (AFTER PROVIDING $9.5 MILLION FOR THE CAPITAL PROGRAM AND $5 MILLION FOR WORKING CAPITAL) ARE ESTIMATED AT $549 MILLION, COMPARED TO $536 MILLION IN 1994.

TOTAL OPERATING REVENUES FOR 1995 INCLUDE AN ESTIMATED $419 MILLION IN TOLLS REVENUE, AT EXISTING TOLL RATES, COMPARED TO THE $412 MILLION ESTIMATED FOR THIS YEAR. OTHER REVENUES, PRINCIPALLY FROM SERVICES PROVIDED TO TRANSITING VESSELS, ELECTRIC POWER AND POTABLE WATER SALES TO THE REPUBLIC OF PANAMA AND OTHER U.S. GOVERNMENT AGENCIES OPERATING IN PANAMA, ARE FORECAST AT $144 MILLION VERSUS $140 MILLION IN 1994.

CANAL TRAFFIC IS EXPECTED TO CONTINUE GROWING, HOWEVER, AT A SLOWER PACE, DRIVEN BY A MODEST, BUT BROAD-BASED TRADE RECOVERY. GRAIN, REPRESENTING THE SINGLE LARGEST TONNAGE IN CANAL TRADE, IS PROJECTED TO GROW MARGINALLY, AND THE CONTAINER TRADE SHOULD STRENGTHEN AS TRAFFIC TO AND FROM THE WEST COAST OF SOUTH AMERICA CONTINUES TO EXPAND. THE SOUTH AMERICAN CONTAINER TRADE, HOWEVER, IS SMALL RELATIVE TO OTHER MAJOR CONTAINER MOVEMENTS. THE TRADITIONALLY DWINDLING COAL MOVEMENT IS EXPECTED TO EXPERIENCE SOME SMALL GROWTH, FUELED PRIMARILY BY INCREASING FLOWS FROM THE WEST COAST OF CANADA TO EUROPE.

ADDITIONALLY, THE AUTOMOBILE TRADE, WHICH HAS BEEN ON A DECLINING TREND SINCE 1988, HAS BOTTOMED OUT AND IS NOT EXPECTED TO DETRACT NOTICEABLY FROM OVERALL RESULTS. THE BANANA TRADE IS PROJECTED TO REMAIN FLAT OR FALL SLIGHTLY FROM THE LEVELS ESTIMATED IN 1994, BARRING THE AS YET UNKNOWN EFFECTS OF THE EUROPEAN COMMON MARKET RESTRICTIONS. BASED ON THE LEVEL OF CARGO PROJECTED FOR FISCAL YEAR 1995, OCEANGOING TRANSITS ARE FORECAST TO RISE 0.8 PERCENT TO 12,480 OR 34.2 DAILY, AND TOLLS REVENUE, AS MENTIONED EARLIER, IS EXPECTED TO INCREASE 1.7 PERCENT TO $419 MILLION.

AS A MATTER OF NOTE, THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA), IS NOT EXPECTED TO IMPACT ON THE CANAL TRADE IN THE NEXT COUPLE OF YEARS. OVER THE LONGER TERM, THE AGREEMENT COULD HAVE SOME MARGINAL NEGATIVE IMPACT ON CANAL FLOWS IF TRADE DIVERTS FROM NON-NAFTA COUNTRIES, PARTICULARLY ASIAN PRODUCERS THAT EXPORT TO THE U.S. THE PRODUCTS AFFECTED, HOWEVER, WOULD MOST LIKELY BE

MANUFACTURING EXPORTS SUCH AS ELECTRICAL EQUIPMENT, CONSUMER ELECTRONICS, TEXTILES AND AUTOMOBILE PARTS. THESE TYPES OF PRODUCTS EXPORTED TO THE U.S. FROM THE FAR EAST ARE ALREADY LARGELY UTILIZING THE U.S. INTERMODAL SYSTEM RATHER THAN THE PANAMA CANAL.

TOTAL OPERATING COSTS INCLUDING DEPRECIATION AND INTEREST IN 1995 ARE ESTIMATED AT $549 MILLION, AN INCREASE OF 2.6 PERCENT FROM THE LEVEL FORECAST FOR 1994. PAYROLL AND RELATED COSTS (55 PERCENT OF OUR OPERATING EXPENSES) ARE BUDGETED AT $302 MILLION VERSUS $294 MILLION IN 1994 AND ASSUME A 1.6 PERCENT PAY INCREASE EFFECTIVE JANUARY 1, 1995. TREATY MANDATED PAYMENTS TO PANAMA ARE ESTIMATED AT $93 MILLION, AN INCREASE OF 3.5 PERCENT OVER 1994, AS A RESULT OF THE HIGHER TRAFFIC LEVELS AND AN INCREASE IN THE TONNAGE PAYMENT RATE FROM 36 CENTS to 37 CENTS FOR EACH PANAMA CANAL NET TON TRANSITING THE WATERWAY.

IN SUMMARY, THE COMMISSION HAS BUDGETED A BREAK-EVEN OPERATION FOR 1995, RECOVERING ALL COSTS OF OPERATIONS AND THE FUNDS REQUIRED TO FINANCE ITS CAPITAL IMPROVEMENT PROGRAM AND WORKING CAPITAL REQUIREMENTS.

CONGRESSIONAL LIMITATIONS

FOR THOSE ITEMS UNDER CONGRESSIONAL LIMITATIONS, THE COMMISSION IS REQUESTING A TOTAL OF $46,000 FOR OFFICIAL RECEPTION AND REPRESENTATION EXPENSES, OF WHICH (1) NOT MORE THAN $11,000 MAY BE AVAILABLE TO THE SUPERVISORY BOARD OF THE COMMISSION; (2) NOT MORE THAN $5,000 MAY BE AVAILABLE FOR SUCH EXPENSES OF THE SECRETARY OF THE COMMISSION; AND (3) NOT MORE THAN $30,000 MAY BE AVAILABLE TO THE ADMINISTRATOR OF THE COMMISSION.

WITH RESPECT TO ADMINISTRATIVE EXPENSES, PUBLIC LAW 96-70 LIMITS SUCH EXPENSES TO THE AMOUNT PROVIDED ANNUALLY IN APPROPRIATIONS ACTS. AS PROVIDED IN THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1995, THE COMMISSION PROJECTS A REQUIREMENT OF $50 MILLION FOR THIS CATEGORY OF EXPENSE. I WOULD LIKE TO ADDRESS IN MORE DETAIL THE FUNCTIONS THAT ARE INCLUDED IN THIS CATEGORY.

1. EXECUTIVE DIRECTION, $13.4 MILLION. THIS PROVIDES FOR THE MANAGEMENT, PLANNING, DIRECTION, AND CONTROL OF OVERALL COMMISSION ACTIVITIES, SUCH AS THE OFFICE OF THE ADMINISTRATOR, OTHER ADMINISTRATIVE SERVICES, AND THE COSTS ASSOCIATED WITH THE SECRETARY'S OFFICE IN WASHINGTON, D.C.

2. OPERATIONS DIRECTION, $2.4 MILLION. THIS PROVIDES FOR THE BUREAU-LEVEL DIRECTION AND COORDINATION OF SEPARATE OPERATING BUREAUS WHICH ARE DIRECTLY RELATED TO THE TRANSIT AND SUPPORT FUNCTIONS OF THE COMMISSION.

3. FINANCIAL MANAGEMENT, $14.7 MILLION. THIS FUNCTION IS RESPONSIBLE FOR THE DEVELOPMENT OF FINANCIAL PLANS, ACCOUNTING AND RATE-MAKING POLICIES, COMMISSION BUDGETS, ESTABLISHMENT OF SYSTEMS OF INTERNAL CONTROL, AND OPERATION OF THE COMMISSION'S CENTRAL COMPUTER OPERATION.

4. PERSONNEL ADMINISTRATION, $4.8 MILLION. THIS FUNCTION HAS THE AGENCY-WIDE RESPONSIBILITY FOR PERSONNEL ADMINISTRATION AND MANAGEMENT, AND THE JOINT PERSONNEL PROGRAM THAT PROVIDES STAFFING SERVICES FOR PARTICIPATING FEDERAL AGENCIES IN THE PANAMA CANAL AREA.

5. INSPECTOR GENERAL, $1.6 MILLION. THE OFFICE OF INSPECTOR GENERAL IS RESPONSIBLE FOR CONDUCTING COMPREHENSIVE AUDITS AND INVESTIGATIONS OF THE COMMISSION'S ACCOUNTS, PROGRAMS AND OPERATIONS, AS WELL AS RECOMMENDING POLICIES FOR PROMOTING

ECONOMY AND EFFICIENCY, AND PREVENTING AND DETECTING FRAUD, WASTE AND ABUSE.

6. EMPLOYMENT COSTS, $13.1 MILLION. THIS CATEGORY OF EXPENSE COVERS CERTAIN EMPLOYMENT COSTS OF THE COMMISSION WHICH ARE GENERAL IN NATURE AND NOT IDENTIFIED WITH OTHER SPECIFIC ACTIVITIES. INCLUDED ARE PROVISIONS FOR REIMBURSEMENT TO THE DEPARTMENT OF DEFENSE FOR EDUCATION AND HOSPITAL SERVICES AND THE COMMISSION'S SHARE OF PREMIUM COSTS FOR EMPLOYEES' HEALTH BENEFITS INSURANCE.

CAPITAL REQUIREMENTS

I'LL TURN NOW TO THE CAPITAL PROGRAM FOR FISCAL YEAR 1995. AS IN PAST YEARS, OVER 70 PERCENT OF THE PROGRAM IS DEVOTED TO ESSENTIAL TRANSIT FACILITIES AND EQUIPMENT. THE MAJORITY OF THESE FUNDS ARE EXPENDED TO IMPROVE TRANSIT SAFETY AND EFFICIENCY, AND TO MODERNIZE THE CANAL.

INCLUDED IN THE FISCAL YEAR 1995 CAPITAL PROGRAM, ARE PROVISIONS FOR INSTALLATION OF A LOCOMOTIVE TURNTABLE, PROCUREMENT OF LAUNCHES, REPLACEMENT OF MACHINERY AND TRACK ROOMS, SWITCHGEAR, REPLACEMENT OF LOCKS POWER FEED CABLES, REPLACEMENT OF MISCELLANEOUS FLOATING EQUIPMENT, AND REPLACEMENT AND IMPROVEMENTS TO TRANSIT FACILITIES.

THE MAJOR CONTINUING PROJECT IN OUR CAPITAL PROGRAM IS THE WIDENING AND STRAIGHTENING OF THE GAILLARD CUT. WE HAVE BUDGETED $10 MILLION FOR THIS PROGRAM IN 1995, BRINGING THE TOTAL FOR THE YEARS 1991 TO 1995 TO $31 MILLION.

DRY EXCAVATION WORK IN THE CUT, WHICH IS BEING PERFORMED PRIMARILY BY PANAMANIAN CONTRACTORS, CONTINUED AT A RAPID PACE DURING 1993. THE DRY WORK, WHICH BEGAN IN FISCAL YEAR 1992, COVERS THE NORTH, CENTRAL, AND SOUTH SECTORS OF THE CUT. THE NORTH SECTOR WORK, CURRENTLY IN PROGRESS, IS SUBDIVIDED INTO EIGHT EXCAVATION PROJECTS, SEVEN OF WHICH HAVE BEEN CONTRACTED. FOUR OF THE PROJECTS ARE ALREADY COMPLETED, TWO ARE OVER 80 PERCENT COMPLETE, AND THE SEVENTH CONTRACT IS ABOUT 25 PERCENT COMPLETE. THE EIGHTH CONTRACT WAS AWARDED THIS FEBRUARY, WITH WORK SCHEDULED TO BE COMPLETED BY THE END OF CALENDAR 1994.

IN SUMMARY, THE DRY EXCAVATION WORK IS PROGRESSING IN A MOST SATISFACTORY MANNER. MORE THAN HALF OF THE WORK ON THE CONTRACTS AWARDED SO FAR HAS BEEN COMPLETED. ADDITIONALLY, THE

BIDS FOR THE DRY EXCAVATION CONTRACT WORK AWARDED TO DATE HAVE BEEN SUBSTANTIALLY BELOW THE INITIAL ENGINEERING ESTIMATES WHICH HAS ALLOWED US TO ADVANCE THE WORK, AND BE AHEAD OF OUR ORIGINAL SCHEDULE FOR THIS PROGRAM.

THE WET EXCAVATION WORK, WHICH WILL BEGIN LATER THIS YEAR, WILL BE ACCOMPLISHED BY EXISTING COMMISSION "IN-HOUSE" FORCES. THE AREA TO BE REMOVED WILL BE DRILLED, AND BLASTED TO BREAK UP BELOW WATER ROCK TO FACILITATE THE FINAL REMOVAL OF THE MATERIAL BY COMMISSION DREDGING EQUIPMENT. THE LAND-BASED AND WATER-BASED DRILLING AND BLASTING WILL BEGIN IN THE MIDDLE OF FISCAL YEAR 1994. THE REMOVAL OF THE BELOW WATER LAND MASS BY THE COMMISSION'S DREDGES WILL BEGIN IN LATE 1994.

TRANSITION ACTIVITIES

1993 WAS A WATERSHED YEAR IN TERMS OF THE PLANNING AND PREPARATION FOR THE TRANSFER OF THE CANAL TO PANAMANIAN CONTROL ON DECEMBER 31, 1999. THE PAST YEAR HAS SEEN CONSIDERABLE PROGRESS BY BOTH PANAMA AND THE UNITED STATES IN THIS AREA. MUCH HARD WORK, OF COURSE, REMAINS TO BE DONE TO PLAN AND CARRY OUT THE TRANSITION. THE POSITIVE STEPS THAT HAVE BEEN TAKEN, HOWEVER, ARE MOST

ENCOURAGING AND I AM CERTAIN THAT THEY FORETELL A SUCCESSFUL TRANSITION.

IN THAT REGARD, I WOULD LIKE TO TOUCH BRIEFLY ON SOME HIGHLIGHTS OF THE PROGRESS MADE DURING THE PAST YEAR IN PLANNING AND PREPARING FOR THE TRANSITION OF THE CANAL TO PANAMANIAN CONTROL IN 1999.

CANAL AFFAIRS PRESIDENTIAL COMMITTEE

AT LAST YEAR'S HEARING I MENTIONED THAT THE AD HOC COMMITTEE APPOINTED BY PRESIDENT ENDARA WAS STUDYING HOW BEST TO STRUCTURE A NEW ENTITY TO MANAGE AND OPERATE THE CANAL AFTER THE YEAR 2000. THAT COMMITTEE, NOW RENAMED THE CANAL AFFAIRS PRESIDENTIAL COMMITTEE WAS TASKED WITH IDENTIFYING THE KEY TRANSITION ISSUES AND MAKING RECOMMENDATIONS TO THE EXECUTIVE BRANCH OF THE GOVERNMENT OF PANAMA FOR RESOLVING THEM.

DURING THE PAST YEAR, THE COMMITTEE COMPLETED ITS STUDIES IN THIS AREA AND PRESENTED ITS RECOMMENDATIONS TO THE PRESIDENT OF PANAMA. AMONG THOSE RECOMMENDATIONS WAS A PROPOSED AMENDMENT TO THE PANAMANIAN CONSTITUTION TO ESTABLISH AN AUTONOMOUS

GOVERNING ENTITY TO ADMINISTER THE CANAL IN THE YEAR 2000 AND BEYOND. WITH MINOR MODIFICATIONS THE PROPOSED AMENDMENT WAS SUBMITTED BY PRESIDENT ENDARA TO THE PANAMANIAN ASSEMBLY, THEIR EQUIVALENT OF THE U.S. CONGRESS, FOR ITS CONSIDERATION. MEMBERS OF THE PRESIDENTIAL COMMITTEE WORKED VERY HARD TO EDUCATE THE PANAMANIAN PEOPLE ABOUT THE ISSUES INVOLVED IN THE LEGISLATION AND BUILD SUPPORT FOR IT. DESPITE ITS MANY ACCOMPLISHMENTS, THE PRESIDENTIAL COMMITTEE'S WORK IS NOT COMPLETE. IT IS NOW EMBARKED UPON A NEW PHASE, IN WHICH IT HAS BEEN TASKED WITH DEVELOPING THE SPECIFIC LAWS THAT WILL ESTABLISH AND DEFINE THE POWERS OF THE NEW CANAL ENTITY UNDER PANAMANIAN LAW USING THE PANAMA CANAL COMMISSION AS A MODEL.

CONSTITUTIONAL AMENDMENT

THE PANAMANIAN ASSEMBLY, TOOK UP THE ISSUE OF THE PROPOSED CONSTITUTIONAL AMENDMENT TO PROVIDE THE LEGAL FRAMEWORK FOR AN AUTONOMOUS ENTITY TO ADMINISTER AND OPERATE THE CANAL IN THE YEAR 2000 AND BEYOND. FOLLOWING CONSIDERABLE DEBATE AND SOME COMPROMISE, THE ASSEMBLY APPROVED THE AMENDMENT IN DECEMBER OF 1993. IN ORDER FOR THE AMENDMENT TO BECOME EFFECTIVE, IT MUST BE PASSED AGAIN BY THE NEXT ASSEMBLY, SCHEDULED TO BE ELECTED IN MAY

OF THIS YEAR, AND TO TAKE OFFICE ON SEPTEMBER 1, 1994. I WOULD LIKE TO BRIEFLY TOUCH ON SOME OF THE MORE SIGNIFICANT ASPECTS OF THE PROPOSED CONSTITUTIONAL REFORM. THE CONSTITUTIONAL AMENDMENT PROVIDES FOR:

AN AUTONOMOUS GOVERNMENT ENTITY TO BE EXCLUSIVELY RESPONSIBLE FOR THE ADMINISTRATION, OPERATION, CONSERVATION, MAINTENANCE AND MODERNIZATION OF THE CANAL, INCLUDING ITS WATERSHED AND THE LAND AND WATER AREAS ADJACENT TO THE CANAL.

THE ENTITY IS TO BE GOVERNED BY AN ELEVEN MEMBER BOARD OF DIRECTORS WITH ITS CHAIRMAN APPOINTED BY THE PRESIDENT OF PANAMA AND ONE MEMBER APPOINTED BY THE LEGISLATURE. THE REMAINING 9 MEMBERS WHO ARE APPOINTED BY THE PRESIDENT WILL SERVE STAGGERED NINE-YEAR TERMS. I BELIEVE THAT THIS STRUCTURE WILL PROVIDE A SIGNIFICANT DEGREE OF STABILITY FOR THE FUTURE MANAGEMENT OF THE CANAL UNDER PANAMANIAN STEWARDSHIP.

FINANCIAL AUTONOMY BASED UPON A THREE-YEAR FINANCIAL BUDGET PROCESS SEPARATE AND APART FROM THE USUAL BUREAUCRATIC PROCESS AND PARTISAN DEBATES TO WHICH OTHER GOVERNMENT OF PANAMA AGENCIES ARE SUBJECT.

A SPECIAL EMPLOYMENT SYSTEM BASED UPON MERIT PRINCIPLES WITH WORKING CONDITIONS AND LABOR RIGHTS SIMILAR TO THOSE IN EFFECT PRIOR TO THE TRANSFER OF THE CANAL TO PANAMA. THIS LATTER PROVISION IS ESPECIALLY KEY IN ALLAYING THE FEARS AND CONCERNS OF OUR PANAMANIAN EMPLOYEES ABOUT THEIR FUTURE WITH THE CANAL. THIS IS A STEP IN THE RIGHT DIRECTION, AND IF ENACTED, IT COULD IMPROVE EMPLOYEE MORALE SIGNIFICANTLY.

INTEROCEANIC REGIONAL AUTHORITY (ARI)

THE INTEROCEANIC REGIONAL AUTHORITY, WHICH IS COMMONLY REFERRED TO BY ITS ACRONYM "ARI", WAS ESTABLISHED IN MAY OF 1993 AS A SEMI-AUTONOMOUS GOVERNMENT ENTITY. SINCE I LAST TESTIFIED ON THIS ISSUE, THE MEMBERS OF THE GOVERNING BOARD OF ARI WERE APPOINTED BY PRESIDENT ENDARA AND CONFIRMED BY THE PANAMANIAN LEGISLATURE. IN ADDITION, ARI'S BOARD OF DIRECTORS HAS SELECTED AND APPOINTED AN ADMINISTRATOR TO HEAD THE AGENCY AND BEGIN INITIAL PLANNING AND DEVELOPMENT EFFORTS.

AS YOU MAY RECALL, ARI IS RESPONSIBLE FOR OVERSEEING THE DEVELOPMENT OF THOSE FORMER CANAL ZONE LAND AREAS AND FACILITIES WHICH REVERTED TO PANAMA IN 1979, AS WELL AS THOSE MILITARY BASES

AND OTHER AREAS WHICH WILL BE TRANSFERRED TO PANAMA BY DECEMBER 31, 1999, AS PART OF THE U.S. MILITARY DRAWDOWN AND ASSET REVERSION PROCESS.

ARI WILL NOT BE RESPONSIBLE FOR ADDRESSING AREAS CURRENTLY USED BY THE PANAMA CANAL COMMISSION FOR CANAL OPERATIONS AND OTHER ACTIVITIES. NONETHELESS, WE HAVE MADE A POINT OF COORDINATING CLOSELY WITH THEM BECAUSE OF THE PROXIMITY OF THESE AREAS TO THE CANAL AND ITS INSTALLATIONS.

IN OUR VIEW, IT IS VITAL THAT PANAMA'S USE OF THESE AREAS BE COMPATIBLE WITH THE LONG TERM OPERATIONAL REQUIREMENTS OF THE CANAL. TO FURTHER THIS OBJECTIVE, THE COMMISSION'S SENIOR MANAGEMENT HAS PROVIDED A NUMBER OF BRIEFINGS TO ARI OFFICIALS DURING THE PAST YEAR TO ACQUAINT THEM WITH THE VARIED AND COMPLEX ASPECTS OF THE CANAL ENTERPRISE AND WHAT WE FORESEE AS SOME OF ITS OPERATIONAL REQUIREMENTS POST 2000.

ARI IS NOW IN THE PROCESS OF HIRING A CONSULTING FIRM TO ASSIST THEM IN PREPARING A MASTER PLAN TO ALLOW THEM TO MAKE OPTIMUM USE OF THE AFOREMENTIONED CANAL AREA.

CLINTON ADMINISTRATION INITIATIVES

AS YOU ARE AWARE, DURING THE PAST YEAR, THE CLINTON ADMINISTRATION HAS PROPOSED A NUMBER OF INITIATIVES BASED IN LARGE PART UPON VICE PRESIDENT GORE'S NATIONAL PERFORMANCE REVIEW FINDINGS. THESE INITIATIVES HAVE COVERED, AMONG OTHER SUBJECTS, IMPROVING SERVICE TO THE PUBLIC, REDUCING BUREAUCRACY, AND INCREASING EFFICIENCY. THE COMMISSION HAS INITIATED ACTION ON ALL OF THE DIRECTIVES THAT ARE APPLICABLE TO THE OPERATION OF THE WATERWAY, INCLUDING THOSE DIRECTIVES WHICH HAVE LONG-TERM GOALS AND OBJECTIVES.

CONCLUSION

IN CLOSING, I WOULD LIKE TO BRIEFLY DISCUSS CERTAIN ASPECTS OF THE EFFORTS CURRENTLY UNDERWAY TO PREPARE FOR THE YEAR 2000. WE ARE INVESTING APPROXIMATELY $125 MILLION ANNUALLY IN MAINTAINING, MODERNIZING AND IMPROVING CANAL FACILITIES. IN ADDITION, WE ARE STRIVING TO MAINTAIN A HIGH DEGREE OF PROFESSIONALISM AND MORALE AMONG OUR EMPLOYEES.

TRAINING PROGRAMS TO ENSURE A QUALITY WORK FORCE AND PROVIDE FOR INCREASED PARTICIPATION BY PANAMANIANS THROUGHOUT THE

ORGANIZATION REMAIN ONE OF OUR TOP PRIORITIES. PANAMANIAN CITIZENS NOW COMPRISE APPROXIMATELY 88 PERCENT OF THE COMMISSION'S WORK FORCE, WITH INCREASING INVOLVEMENT AT ALL MANAGEMENT LEVELS. THE NUMBER OF PANAMANIAN PILOTS PRESENTLY TOTALS 116 OR 51 PERCENT OF THE TOTAL PILOT FORCE.

I CONTINUE TO BE ACTIVELY INVOLVED, ALONG WITH SENIOR MEMBERS OF MY STAFF, IN PRESENTING SPECIALLY DESIGNED BRIEFINGS ON CANAL OPERATIONS. THE PRIMARY THRUST OF THESE PRESENTATIONS HAS BEEN TO IDENTIFY THE POLICIES, SYSTEMS AND FUNCTIONS THAT ARE CURRENTLY NECESSARY FOR THE SUCCESSFUL MANAGEMENT AND ADMINISTRATION OF THE PANAMA CANAL. DURING THE PAST YEAR MEMBERS OF MY STAFF AND I HAVE ADDRESSED A VARIETY OF PANAMANIAN GOVERNMENT TASK FORCES, COMMERCIAL FORUMS SUCH AS MARITIME CONFERENCES AND TRADE CONVENTIONS AND LOCAL ORGANIZATIONS SUCH AS THE PANAMA ASSOCIATION OF BUSINESS EXECUTIVES AND THE PANAMA CHAMBER OF COMMERCE.

MR. CHAIRMAN, THAT CONCLUDES MY PREPARED REMARKS. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS THAT YOU OR THE MEMBERS OF THE COMMITTEE MAY HAVE AT THIS TIME.

CURRICULUM VITAE
GILBERTO GUARDIA F.

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PROFESSIONAL AFFILIATIONS : Panama Society of Engineers and Architects
Panama Construction Chamber
Fellow, American Society of Civil Engineers
American Concrete Institute
American Society of Professional Engineers
Panama Businessmen's Association
Rotary Club

EDUCATIONAL BACKGROUND : University of Santa Clara
Santa Clara, California
B.S. in Civil Engineering, 1950

OTHER ACTIVITIES : Member of the Board of Directors of the World President's Organization (WPO), Washington, D.C.
Latin American Institute of Advanced Studies (ILDEA)
National Association for Environmental Conservation (ANCON)

PROFESSIONAL LICENSES : Registered Professional Engineer, Reg. No. 51-6-7; Panama Engineering and Architecture Board, Republic of Panama
Registered Professional Engineer, Reg. No. 141E; Canal Zone Board of Registration for Architects and Professional Engineers, Republic of Panama
Registered Professional Engineer, Reg. No. 28101, State of Florida Board of Professional Engineers and Land Surveyors, United States of America

PERSONAL INFORMATION : Place of Birth: Panama, Republic of Panama
Date of Birth: February 13, 1930
Marital Status: Married with 3 children

REVENUE AND TRAFFIC PROJECTIONS

Mr. PRICE. Actual Canal transits and toll revenue continue to track a little below projections. For example, last year you anticipated tolls of $408 million for fiscal year 1993 and $417 million for fiscal year 1994.

In this year's budget submission, those figures have been adjusted down to $400 million for 1993 and $412 million for 1994. Similarly, ocean-going transits declined from 12,425 to 12,257 in 1993, and from 12,650 to 12,375 for 1994.

Fiscal year 1993 reflected the 9.9 percent toll increase imposed on October 1, 1992.

Is there cause for concern? Is there a trend in the experience, or do the figures merely represent the somewhat sluggish nature of the world economy during the past couple of years?

[The information follows:]

The lower than budgeted toll revenue figures are primarily the result of longer than anticipated recessions in the world's economies, and the slower than anticipated rate of growth during the recovery of the U.S. economy. Consequently, the recent under performance in actual and projected Canal traffic patterns is not a cause for intermediate or long term concern. Even given the relatively flat nature of the European and Japanese economies in the short term, Canal traffic is expected to increase over the rest of the decade at a rate averaging 2 percent per year.

COMMISSION DRUG USAGE

Mr. PRICE. Information provided during last year's hearing indicated that 5.8 percent of Commission employees randomly tested for drug usage tested positive. This rate is considerably above rates normally seen in the United States for persons in the transportation field.

What is the amount of money spent each year by the Commission for drug and alcohol programs, including testing, education and treatment?

[The information follows:]

Approximately $491,760 was spent for these purposes in fiscal year 1993.

OFFICE OF INSPECTOR GENERAL

Mr. PRICE. In the semiannual report submitted last fall to the Congress by the Panama Canal Commission Inspector General, the IG takes strong exception to the legislative proposal that would exempt the Commission from some of the Inspector General Act requirements.

In his cover letter to Speaker Foley, Robert R. McMillan, the Chairman of the Board of Directors of the Commission, addresses the issue.

Mr. McMillan writes the Board believes "the Inspector General has lapsed into both a mischaracterization of the Commission's motivation and a very flawed analysis of the effects of the legislation".

What is the Commission's proposal for the Office of Inspector General and why do you believe it to be the best course of action?

[The information follows:]

The Board of Directors proposed to the Administration that the Commission's Inspector General be relieved of the regulations of the Inspector General Act and that the office be established as an internal auditing function responsible to Commission management and to the Commission Board, since the Board also recommended a change in the agency's structure to a government corporation form. That form provides for the direction of the agency through its Board of Directors.

Mr. PRICE. What is the status of this disagreement?

[The information follows:]

It has been agreed to by the agencies involved in the interagency review of the recommendations that the Inspector General remain under the regulations of the Inspector General Act but that he report to the entire Board of Directors of the Commission, and not to just the Chairman of the Board, who was designated as the agency head for IG reporting purposes.

Mr. PRICE. What is the status of the legislation that addresses this issue?

[The information follows:]

The recommendations are currently being coordinated in the interagency arena.

Mr. PRICE. For the six-month period April to September, the twenty-one professionals and three administrative staffs of the IG issued five audit reports and five investigative reports. This does not appear to be very much activity for the number of people involved.

Do you have observations on the quantity or quality of the IG's output?

[The information follows:]

An important function of the Inspector General is to detect fraud, waste and abuse. The Commission's IG has spent considerable time working with the Federal Bureau of Investigation, and the Justice Department in investigating a large procurement fraud case in the organization. That investigation reached fruition on February 25, 1994 when a former Commission official pleaded guilty to embezzlement and several other charges. We believe the quality and the quantity of the IG's output relative to the size of its office and the Commission's operation is on target.

PANAMANIAN WORKFORCE

Mr. PRICE. How many of the Commission's current personnel are Panamanian and how much of a change is this from last year?

[The information follows:]

As of February 5, 1994, the Commission had a permanent work force of 7,394 composed of 6,532 (88.3%) Panamanians, 804 (10.9%) U.S. citizens, and 58 (0.8%) third country nationals. This represents a 0.6% increase of Panamanians in the work force compared to the same period in fiscal year 1993.

NOTE: As of February 6, 1993, the permanent work force was at 7,393 with 6,487) Panamanians, 842 (11.4%) U.S. citizens, and 64 (0.9%) third country nationals.

PANAMANIAN PILOTS

Mr. PRICE. How many of the pilots are Panamanian? How many of the fully qualified pilots are Panamanian? What change is this from one year ago?

[The information follows:]

As of February 19, 1994, 51 percent or 116 of the 228 man pilot force was comprised of Panamanian citizens as compared to 1.7 percent at the beginning of the Treaty. There are 87 fully qualified Panamanian pilots. In February 1993, there were 106 Panamanian pilots, of which 75 were fully qualified, in the 232 man pilot force. There was a 1.2% increase in fully qualified Panamanian pilots from 1993 to 1994.

PRE-TREATY ELIGIBLE RETIREMENTS

Mr. PRICE. Last year we discussed the number of Canal Commission employees that will be eligible for retirement at the time the Canal transfers to Panama in 1999. Please bring us up to date on this issue. What is your highest estimate of the number of employees that will be in this category?

[The information follows:]

As of October 1993, there were 3,030 employees covered under CSRS/FERS on the Commission's rolls who are either already eligible to retire or who will be eligible to retire, either voluntarily or as a result of involuntary separation by December 1999. While it is difficult to predict how many of these employees will be employed by the Commission at treaty end, our latest projection indicates that approximately 1,300 employees (1,075 Pre-treaty and 213 Post-treaty) will be on the rolls eligible to retire at the end of 1999.

Mr. PRICE. What is your best estimate of the number of eligible employees that will retire in 1999 and what financial and operational impact could this have on the Canal?

[The information follows:]

We are projecting that as of the end of the treaty in 1999, approximately 1,300 employees who will be eligible to retire will remain on the Commission's rolls. Because these employees are covered under the U.S. Civil Service Retirement System, the cost of their retirement will already by fully funded, and will have no financial impact upon either the Commission, or the Canal.

While these employees will end their employment with the U.S. Government and begin drawing a Civil Service retirement check, it is expected that the majority of them will continue working at their jobs under the new Panamanian Agency which will operate the Canal after 1999. In this sense they will be a classic example of "double dippers," drawing both a U.S. retirement check and a Panama Government paycheck at the same time.

Because most of these employees are expected to continue working for the Panama Canal, we do not anticipate any operational problems or dislocations as a result of their retirement in the year 1999. However, the Government of Panama, as the successor operating entity, is primarily responsible for providing adequate incentives in the form of pay and working conditions to induce these employees to continue their employment with the Canal. The Government of Panama has recently addressed this issue in its constitutional amendment to establish the successor Canal administration, by including provisions for a merit system, comparable pay, and similar working conditions.

GAILLARD CUT PROGRAM

Mr. PRICE. Also bring the Committee up to date on the status of the Gaillard Cut program. Have any important issues or problems been experienced during the past year?

[The information follows:]

Overall progress of the Gaillard Cut Program is on schedule. The minor delays that have been experienced, which are typical for a project of this magnitude, have not caused any adverse impact on the progress of the program.

DOUBLE HULLED TANKERS

Mr. PRICE. Last April, a Greek-flagged chemical products tanker had an accident and sustained damage below the water line. Thankfully, the tanker did not. Does the Commission maintain statistics on the number of double hulled vessels transiting the Canal? Roughly what percentage of vessels is doubled hulled and how does this compare with ten years ago?

[The information follows:]

The Commission does not maintain statistics regarding number of double hulled transiting the Canal.

ACCIDENTS AND OIL SPILLS

Mr. PRICE. In response to the accident last April, and presumably many other accidents, the Commission incurs considerable expense. Are the carriers or their insurers held accountable for some or all of these expenses?

[The information follows:]

Costs of damages and salvage of vessels, as a result of vessel accidents, are recovered from the vessel owners when the vessel is at fault. However, if the Canal is wholly or partially at fault, the recovery of costs is subject to negotiation and/or court settlements.

Mr. PRICE. Please update the information provided for several years on the number of accidents and incidents during the past 12 months.

[The information follows:]

	Fiscal year 1993
Recordable injury-illness cases:	
Total recordable cases	350
Man-hour work	16,142,134
Incidence rate	4.3
Marine accidents:	
Total transits	13,719
Number of vessel accidents investigated	30
Accidents per 1,000 transits	2

TRAVEL AND TOURISM

Mr. PRICE. How many people have visited the Panama Canal on vacation during the past several years?

[The information follows:]

For the past several years, more than 350,000 people visited Miraflores Locks visitor's facility each year. This includes Panamanian school children, U.S. military personnel, dignitaries and business people from all over the world, tourists from the U.S. and other countries as well as Panamanians from all around the country. We do not have any means of identifying how many of these visitors were on vacation.

During fiscal year 1993, more than 152,000 passengers transited the Canal on 216 passenger ships, and we can assume for the most part they were on vacation or had retired. Passenger statistics for the past 13 years are as follows:

Information re passenger ships and passengers that arrived in Canal waters for periods 1980 thru 1993:

Fiscal year	Transits	Passengers
1980	117	[1] 64,670
1981	118	62,659
1982	119	61,924
1983	149	66,811
1984	149	66,346
1985	165	91,622
1986	219	124,441
1987	202	124,972
1988	223	158,904
1989	176	127,022
1990	126	88,348
1991	177	96,627
1992	148	85,047
1993	216	152,898

[1] Total passengers on all ships transiting the Canal. The majority however are on cruise ships.

Mr. PRICE. What action is the Commission taking to try to increase tourism?

[The information follows:]

The office of Public Affairs promotes the Canal as a cruise destination with displays at conferences in which travel agents and cruise industry officials participate. The office of Public Affairs gives briefings and provides special tours at Miraflores Locks for travel writers and agents. Press releases and video news releases publicizing transits of unusual ships that might be of interest to tourists are distributed to travel industry publications and newspapers and local television stations. It also provides supports to the Panama Tourist Institute in their efforts to promote tourism by providing information on the Canal and special tours for travel writers and agents they bring to Panama for orientation purposes.

The office of Public Affairs provides support to visiting television crews and writers preparing documentaries on the Canal in many languages which focus on the Canal as a tourist attraction.

PANAMA LAND BRIDGE SYSTEM

Mr. PRICE. What is the status of a proposed bi-coastal container port complex the Interoceanic Regional Authority of Panama was supposed to award early this year?

[The information follows:]

As you may recall, the Endara Administration expressed interest in mid-1991 for the early transfer of Telfers Island (which is Canal operating area) to Panama for use by Evergreen S.A. (a foreign-owned Panamanian company) to construct a marine container terminal facility adjacent to the Atlantic entrance to the Canal. Panama Transshipment Center (PTC), a consortium of Panamanian, U.S., and Japanese companies also expressed interest in use of Telfers Island shortly thereafter, reportedly offering to improve Panama's transisthmian rail and highway links as part of its initial offer.

While Canal officials determined early on that the project was conceptually feasible—and so advised the Government of Panama—it also specified that more detailed compatibility of the proposed container proposals with Canal operations. Although the Government of Panama was notified of our initial findings in a timely manner, it did not formally pursue the issuance of a land-use license to either party and Evergreen eventually withdrew its proposal for unrelated reasons.

Mr. PRICE. Apparently, this project is being considered based on the belief that an increasing number of post-Panamax vessels that can't fit through the Canal will off load containers at either coast for transshipment across the isthmus via railroad or smaller feeder ships. How big a threat to the Canal's operation could the proposed land bridge be?

[The information follows:]

The objective of the transshipment project across the isthmus is to complement Canal transit services and to take advantage of Panama's geographic position. The transshipment project includes the upgrading of the Balboa and Cristobal ports, located at each end of the Canal. No significant impact to Canal traffic and operations is expected if the transshipment project is developed.

Mr. PRICE. Do you know the proposed cost and schedule for the land bridge system?

[The information follows:]

The Panama Canal Commission is not responsible for the planning and development of the proposed land bridge project and, thus, we do not have information about its development cost or schedule.

INCENTIVE AWARDS

Mr. PRICE. Responses to questions asked in last year's hearing reveal that in 1992, 3,775 personnel got incentive awards. That is about half of total employees.

What is the Commission's overall strategy concerning incentive awards?

[The information follows:]

As a matter of information, although the 3,775 employees who received awards in FY 1992 represented 50 percent of the work force, it is important to note that this was the total number of awards presented for all incentive awards programs, monetary and non-monetary.

The breakdown of these awards is as follows:

	Fiscal year 1992
Non-monetary recognition	1,022
Monetary performance awards	1,728
Monetary special acts (one-time events)	991
Quality step increases	34
Total	3,775

The Commission's incentive awards programs have been fully supported by management because they have served to recognize employees for job performance; nonrecurring achievements; creativity in suggesting ways to save or improve Canal efficiency or operations; and length-of-service with the Canal. No substantial policy or strategy change is contemplated.

Mr. PRICE. Are all of the incentive awards made in cash?

[The information follows:]

No. The special acts/services and the safety award programs offer cash incentives, the performance and suggestion programs tender monetary and non-monetary awards, and the honorary and length-of-service awards are strictly non-monetary.

Mr. PRICE. What is the average amount of the incentive awards?

[The information follows:]

The incentive awards for performance average $1,016 per employee.

Mr. PRICE. What are the amounts contained in the 1994 and 1995 programs for incentive awards?

[The information follows:]

The incentive awards budget is being revised to reflect $2.3 million for fiscal year 1994 and also fiscal year 1995. This will project amounts based on actual cost of the incentive awards program in fiscal year 1993.

ADMINISTRATIVE AND GENERAL EXPENSES

Mr. PRICE. How does the Commission budget for disability relief and civil service annuitants' medical costs? Has there been any change in their budgetary treatment since last year?

[The information follows:]

Prior to fiscal year 1993, the Commission budgeted these costs, on a "going concern" basis, under which it recognized as a liability, only the current year estimated expenditures. The cost of future years medical benefits was not recorded in the Commission's accounts. In fiscal year 1993, the Commission recognized as a liability in its accounts, at present value, the cost of all future medical care. The cost of providing for this liability is being amortized over the remaining life of the Commission, (FY 1993 through FY 1999).

The recognition of these future period costs is a part of the Commission's ongoing efforts to ensure that all of its liabilities are fully funded in anticipation of the termination of the Commission's operations in 1999. This effort is necessary to ensure that the U.S. taxpayers are not burdened with any of the costs of operating the Canal or turning the Canal over to Panama.

Mr.PRICE. How does the Commission treat workers' compensation costs in the budget? Do the current year costs reflect actual experience from a prior period?

[The information follows:]

The Commission is charging to expense each year the estimated full cost of current year worker's injury incidents as well as a portion of the unfunded workers' compensation costs of prior years. Prior to 1989, workers' compensation costs payable under the Federal Employees' Compensation Act were charged to expense when cash payments were made. Starting in 1989, the Commission went to a full accrual cost basis with the objective of funding all costs, including all future year's payments, even those beyond 1999, by end of 1999.

To accomplish this, a separate interest bearing fund has been established in the U.S. Treasury to accumulate monies and reimburse the Department of Labor for their actual payments to workers. Periodically, a professional actuary estimates the costs of current year worker accidents as well as the liability for all past year's accidents and compares these estimates to the amounts in the special fund. Based on this actuarial study, a payment plan to fully fund all worker injury costs by 1999 is developed. This plan is the basis for the budgeted costs and the annual transfers into the special Treasury fund.

To accomplish this, cash payments equal to the expense in the budget is transferred to an interest earning fund in the U.S. Treasury. Each year the Department of Labor withdraws from that fund the actual cash payments for workers' injury compensation.

MOTOR VEHICLES

Mr. PRICE. How many motor vehicles does the Commission own?

[The information follows:]

The Panama Canal Commission owns 898 motor vehicles.

Mr. PRICE. How many are purchased each year?

[The information follows:]

Each year, the Commission purchases the number of vehicles that are needed to replace those which have met the criteria in the Code of Federal Regulations for retirement. This number varies from year to year depending on the usage of the vehicles.

Mr. PRICE. Are all vehicles for replacement or is the fleet growing?

[The information follows:]

Yes. All purchases are for replacement only. In fiscal year 1995 we are purchasing 43 new vehicles to replace the same number of vehicles currently in the fleet that meet the minimum replacement criteria as prescribed by the Code of Federal Regulations (CFR). The number of vehicles required to be purchased each year is dependent on the number of vehicles that qualify for replacement in accordance with standards established by the CFR.

BUY AMERICAN

Mr. PRICE. What is the status of the Buy American provision for Panama Canal Commission vehicle purchases?

[The information follows:]

The Commission is not required to "buy American" for the goods and services it procures for use at its headquarters and along the waterway in the Republic of Panama. Part 25 of the Federal Acquisition Regulation ("FAR") prescribes the rules and procedures to be followed with regard to the "Buy American Act." The Panama Canal Commission conducts its procurement activities in accordance with that Federal regulation. Section 25.102 of the FAR provides that the "Buy American Act" does not apply to the purchase of supplies for use outside of the United States. Moreover, the Panama Canal Treaty stipulates that the Commission shall give preference to the acquisition of goods and services, including construction, obtainable in the Republic of Panama. This preference is implemented by awarding contracts to Panamanian firms when, in terms of price, product quality and bid responsiveness, the local bid is equal to or better than all other bids received.

None of the above applies, however, when there are no competing Panamanian suppliers or sources.

Panama does not have the industrial capability to manufacture large capital items and, accordingly, the majority of the Commission's large supply contracts are awarded to United States' firms or other overseas firms that are equipped to manufacture large capital items. Most of our smaller supply contracts, on the other hand, are awarded locally, and the great majority of the Commission's construction contracts are awarded to Panamanian firms. The procurement system described above is well understood and accepted by both the Government of Panama and the Panamanian business community. Moreover, it functions effectively to meet the operational needs of the Commission. Any changes in the system would violate the provisions of the "Buy American Act" as well as the Panama Canal Treaty, and would be poorly received by the Panamanian Government and local business.

POWER SYSTEM

Mr. PRICE. The Panama Canal Commission is paid to operate a power system that provides electricity for the United States military in Panama.

What portion of the military's electric needs does the Commission satisfy?

[The information follows:]

The Commission does not have the information to determine how much, if any, of the military's power is purchased from other sources.

During fiscal year 1993 the Commission sold approximately $23 million in power to the military.

Mr. PRICE. Does the Commission make money on this operation or merely seek to cover costs?

[The information follows:]

The Commission does not make any money on the power system. The agency always seeks to recover the full cost of the operation including a factor for "general corporate overhead."

Mr. PRICE. What happens to this function after the December 31, 1999 turnover of the Canal to Panama?

[The information follows:]

In accordance with the terms of the treaty all facilities will be turned over to the Republic of Panama on December 31, 1999.

UPDATED TABLES

Mr. PRICE. For the record, update the tables and information appearing on pages 247 through 254 of the fiscal year 1994 hearing volume.

[The information follows:]

FISCAL YEAR 1993 AUTOMOBILE SHIPMENTS BY COUNTRY OF ORIGIN
(In thousands of long tons)

Japan	1,121
South Korea	18
Other Far East	111
Total Far East	1,250
Germany	51
Belgium	13
Sweden	15
USSR	3
Other Europe	91
Total Europe	173
United States	106
All Other	31
Grand Total	1,560

Monthly Tolls, Fiscal Year 1994
(In thousands of dollars)

Actual:	
October	$ 36,617
November	33,182
December	35,910
January	36,168
Variation from budget	-735
Estimate:	
February	33,139
March	35,890
April	34,863
May	34,535
June	32,153
July	33,549
August	34,288
September	32,441
Total	$412,000

PANAMA CANAL COMMISSION
FISCAL YEAR 1994 OTHER REVENUES AND OTHER RECEIPTS
(In thousands of dollars)

	OTHER REVENUES					
	Navigation Services	Utility Services	All Other	Total Other Revenues	Sales Fixed Assets	Revenues & Other Receipts
Actual:						
October	$8,107	$3,944	$672	$12,723	$ 1	$12,724
November	7,063	4,265	657	11,985	1	11,986
December	7,850	3,085	642	11,577	1	11,578
January	7,786	3,358	665	11,809	1	11,810
Variation YTD	-200	10	-286	-476	28	-448
Estimate:						
February	6,975	3,524	574	11,073	8	11,081
March	7,974	3,389	678	12,041	8	12,049
April	7,655	3,526	605	11,786	8	11,794
May	7,509	3,493	623	11,625	8	11,633
June	7,023	3,725	670	11,418	9	11,427
July	7,321	3,602	652	11,575	9	11,584
August	7,591	3,838	611	12,040	9	12,049
September	6,986	3,432	680	11,098	9	11,107
Total	$89,640	$43,191	$7,443	$140,274	$100	$140,374

PAYMENTS TO THE GOVERNMENT OF PANAMA SINCE TREATY IMPLEMENTATION FISCAL YEARS 1980-1993 (THROUGH JANUARY 1994)

(In millions of dollars)

FY	Public Service Payment	Fixed Annuity Payment	Tonnage Payment	Subtotal	Contingency Profit Payment	Total
1980	$ 10.0	$ 10.0	$ 54.9	$ 74.9	$2.7	$ 77.6
1981	10.0	10.0	56.9	76.9	-	76.9
1982	10.0	10.0	61.2	81.2	0.4	81.6
1983	10.0	10.0	51.2	71.2	-	71.2
1984	10.0	10.0	49.1	69.1	2.7	71.8
1985	10.0	10.0	52.8	72.8	1.1	73.9
1986	10.0	10.0	57.0	77.0	2.0	79.0
1987	10.0	10.0	58.1	78.1	-	78.1
1988	10.0	10.0	59.6	79.6	-	79.6
1989	10.0	10.0	59.8	79.8	-	79.8
1990	10.0	10.0	58.5	78.5	-	78.5
1991	10.0	10.0	67.6	87.6	0.9	88.5
1992	10.0	10.0	66.6	86.6	-	86.6
1993	10.0	10.0	67.6	87.6	-	87.6
Total	$140.0	$140.0	$820.9	$1,100.9	$9.8	$1,110.7
FY 94 thru Jan.	3.3	3.3	23.9	30.5	-	30.5
Total	$143.3	$143.3	$844.8	$1,131.4	$9.8	$1,141.2

MOTOR VEHICLE FLEET
By GSA Reporting Category
February 8, 1994

GSA Category	
PASSENGER-CARRYING VEHICLES:	
b. Sedans	177
c. Station Wagons	7
d. Ambulances	7
e. Buses	13
Total passenger-carrying vehicles	204
NON-PASSENGER CARRYING VEHICLES:	
f. Light trucks (8,500 GVWR or under)	383
g. Light trucks (8,500 GVWR or under, 4x4)	47
h. Medium trucks (8,501 to 23,999 GVWR)	157
i. Heavy trucks (24,000 GVWR or over)	59
Total non-passenger	646
TOTAL PASSENGER AND NON-PASSENGER	850
ADDITIONAL SPECIAL USE VEHICLES	
(fire trucks, wreckers, drill rigs, etc.)	48
TOTAL VEHICLES	898

Consultants and Advisors

Consultant	Type of Study
Arthur Andersen & Co., Chicago, IL	Assistance, recommendations, studies, and reports in areas of accounting policies, and tolls policies and revisions.
Various Hearing Examiners	Conduct hearings for employee grievances.

OFFICE OF INSPECTOR GENERAL RECOMMENDATIONS
FEBRUARY 1993 - FEBRUARY 1994

Unauthorized Private Work at Commission Facilities - February 11, 1993

Conclusions. A supervisor of a unit used Commission facilities to process private work. Investigative findings disclosed the work had been going on for at least two years and the supervisor was paid for this service by a company in Panama.

Recommendations. It was recommended that management take appropriate administrative action.

Audit of Undelivered Orders for Fiscal Year 1992 - March 16, 1993

Conclusions. Internal controls for the processing of undelivered orders are generally sufficient to provide reasonable assurance that undelivered orders transactions are executed with appropriate authorization, recorded properly in the accounts, and carried out in accordance with applicable laws and regulations. The Commission's undelivered orders were properly reported and recorded at the end of fiscal year 1992.

Recommendations. It was recommended that management instruct personnel to review the undelivered orders listing to verify that open contracts at year end are accurately recorded.

Audit of Official Reception and Representation Accounts - FY 1992 - March 17, 1993

Conclusions. Expenditures for official reception and representation were generally classified in the proper Commission accounts and spending limitations were not exceeded. Minor misclassifications were noted and brought to the attention of appropriate managers.

Recommendations. It was recommended that management invoice appropriate certifying officers for improper charges.

Accounting for Lease/Purchase Agreements - March 19, 1993

Conclusions. Computer equipment obtained through lease/purchase agreements was not properly accounted for. Financial Systems Manual procedures were not in agreement with FASB rules on the accounting for equipment.

Recommendations. It was recommended that the Chief Financial Officer revise the Commission procedures to bring them into agreement with provisions of FASB No. 13 covering the accounting for lease/purchases.

Suspected Theft of Payroll Check - April 30, 1993

Conclusions. A Commission employee obtained possession of a reported lost payroll check. The employee forged the name of the payee and negotiated the check for his own benefit. The check was returned to the bank for collection and the Commission did not suffer a loss. Review of controls over payroll checks disclosed that checks were not adequately safeguarded and controlled to prevent loss.

Recommendations. It was recommended that management take appropriate administrative action against the employee who negotiated the forged check and improve unit control over payroll checks.

Suspected Fraudulent Travel Claims - May 21, 1993

Conclusions. A Commission official intentionally misstated his travel claim in order to receive greater reimbursement than entitled. Falsification of travel claims is a criminal offense. However, in this case, the Attorney General declined prosecution in lieu of administrative action.

Recommendations. It was recommended that management recover amounts paid out inappropriately and take appropriate administrative action.

Audit of Contract Claim, Contract CC-2-844 - June 25, 1993

Conclusions. A contractor submitted a $93 thousand claim for equitable adjustment. An audit of contractor's records substantiated about $16 thousand and questioned the remaining $77 thousand.

Recommendations. It was recommended that the contracting officer use the audit information to negotiate a settlement.

Review of Payroll Costs and Controls for Fiscal Year 1992 - June 25, 1993

Conclusions. Internal controls over timekeeping procedures appeared to be adequate and operating effectively, except for some minor weaknesses relating to attendance records, certification of overtime, access to the automated payroll system and documentation of eligibility to equity adjustments.
Recommendations. It was recommended that procedures be revised to allow certain informal records to be designated as attendance records and supervisors be reminded to comply with overtime certification procedures. it was also recommended that access to on-line systems be restricted and eligibility forms for equity adjustments be augmented.

Review of Inventory Procedures In Use During Fiscal year 1992 - July 30, 1993

Conclusions. Poor stock arrangement and the inconsistent application of cut-off dates hampered the smooth progress of physical counts and hindered the achievement of accurate inventory counts. Third counts and inventory adjustments compensated for these weaknesses so as to produce reliable final inventory results.

Recommendations. It was recommended that personnel receive adequate training in inventory procedures and stock be better arranged.

Misuse of Commission Vehicle by an Employee - July 30, 1993

Conclusions. Panama authorities reported that an official Commission vehicle entered the Free Zone and upon departure failed to halt for inspection as ordered by security personnel. Inquiry disclosed that the driver of the vehicle had no official duties that required him to go to the Free Zone.

Recommendations. It was recommended that management take appropriate action.

Theft of Government Property and Improper Use of Commission Vehicle by an Employee - August 12, 1993

Conclusion. A Commission employee removed petroleum products from Commission facilities for later recovery and personal use. Four five-gallon cans of assorted petroleum products were recovered by OIG. Commission managers stated that twenty-seven cans of oil and lubricant were missing. However, guards had not been notified of the theft prior to the PCC-OIG investigation.

Recommendations. It was recommended that appropriate administrative actions be taken.

Audit of Termination Settlement Proposal, Contract CC-3-057 - August 24, 1993

Conclusions. This report covered the audit of a termination settlement proposal for about $87 thousand submitted by a contractor. Our audit substantiated costs of about $39 thousand.

Recommendations. It was recommended that the contracting officer use the substantiated amounts to negotiate a settlement.

Improper Use of Commission Vehicle by an Employee - August 26, 1993

Conclusions. A Commission employee used an official Commission vehicle to conduct personal business and was detained for possession of contraband merchandise by Panama authorities.

Recommendations. It was recommended that management take appropriate administrative action.

Review of Contract Administration Coal, Filter Media - Anthracite Contract - September 17, 1993

Conclusions. This report presented the audit results of a review of contract administration for the purchase of coal, filter media-anthracite. It was concluded that the contracting officer acted in accordance with provisions of the Federal Procurement Regulations. However, the contract showed a series of misjudgments by the contracting officer that cast doubt upon the actions taken.

Recommendations. It was recommended that better communications be established between the contracting officer, the contracting officer's representative, and the Commission users at all appropriate stages of contract administration. Also, it was recommended to develop procedures that ensure when contractor material is stored on Commission premises the contractor is afforded appropriate access in order to properly preserve his property.

Compliance with the Federal Manager's Financial Integrity Act - October 28, 1993

Conclusions. Commission guidance was not sufficient to assure accurate and complete management control reviews. Also, Commission procedures did not provide criteria to be used in determining risk ratings or identify aspects of a function that should be addressed in performing a risk assessment. As a result, the credibility of the agency's annual report was weakened since these evaluations were the basis for the bureau assurance letters to the agency head.

Recommendations. It was recommended that employees receive proper training in control evaluations and that Commission procedures be revised to provide better guidance on evaluating controls. It was also recommended that units establish quality control programs and properly supervise personnel tasked with performing evaluations.

Management of Cleaning Services Contracts - November 26, 1993

Conclusions. Centralizing procurement of custodial cleaning services facilitated and improved the control over these purchases. However, weaknesses pertaining to the receipt of cleaning services and the certification of funds availability diminished the effectiveness of internal controls over procurement.

Recommendations. It was recommended that work requests be adequately described, detail work specifications be prepared and proper documentation prepared of completed work. Also, it was recommended that fund availability be certified prior to procurement action.

Unauthorized Use of Commission Facilities by Commission Employee - December 30, 1993

Conclusions. A Commission employee used Commission equipment, labor and material to recondition a privately owned trailer during official duty hours.

Recommendations. It was recommended that management take appropriate administrative actions and invoice the Commission employee for expenses incurred by the Commission.

CURRENT EMPLOYMENT
AS OF JANUARY 22, 1994

	Full-Time Permanent	Temporary Part-Time	Total
TRANSIT OPERATIONS:			
Maintenance of channels and dams	524	219	743
Navigation services and control	1,941	82	2,023
Lock operations	1,248	53	1,301
General repairs, engineering and maintenance services	1,201	560	1,761
Fire and facility protection services	447	41	488
General canal expense	206	46	252
Total transit operations	5,567	1,001	6,568
SUPPORTING SERVICES:			
Logistical services	219	28	247
Motor transportation	334	16	350
Power system	104	21	125
Communications system	115	36	151
Water system	60	32	92
Housing	20	13	33
General support services	123	87	210
Total supporting services	975	233	1,208
ADMINISTRATIVE AND GENERAL:			
Under Limitation:			
Executive direction	205	32	237
Operations direction	35	7	42
Financial management	313	20	333
Personnel administration	119	26	145
Not Under Limitation:			
Other general corporate	40	7	47
Total administrative and general	712	92	804
Total employment	7,254	1,326	8,580

Mr. PRICE. I am sure Mr. Coleman and I will have some matters we want to pursue with you.

Mr. Coleman, do you have some questions?

AUTOMOBILE SHIPMENTS

Mr. COLEMAN. I was interested in the suggestion that the automobile has bottomed out, the number of automobiles being transited. What is the source and destination of most of these autos? Is that Japanese?

Mr. GUARDIA. Japanese, yes, and the other Asian countries producing automobiles such as Korea.

Mr. COLEMAN. Originating?

Mr. GUARDIA. Originating and directed to the U.S. market.

Mr. COLEMAN. On the East Coast?

Mr. GUARDIA. On the East Coast, yes. Because of the trend of the Japanese in starting to manufacture automobiles in the U.S. for the U.S. market, the automobile trade in the Canal has been decreasing. We believe that the decreasing trend has bottomed out now and the automobile traffic will remain more or less stable in the coming years without major significant changes.

LAND BRIDGE

Mr. COLEMAN. The land bridge concept that was done—I think it was rail. Do you know what the projected cost of that bridge is, by any chance?

Mr. GUARDIA. The land bridge?

Mr. COLEMAN. Yes, sir.

Mr. GUARDIA. You are referring to——

Mr. COLEMAN. The idea—I guess they were going to containerize transport across by rail to replace the necessity——

Mr. GUARDIA. Yes. All right. There has been in the media news about a project in Costa Rica to build a railway land bridge, and there has been consideration, even in Panama some years ago, in investing in the railroad and establishing a land bridge activity. However, neither of those activities could really compete with the Panama Canal.

The land bridge which does affect the Canal traffic is the U.S. land bridge from the West Coast to the East Coast of the United States, which is a much more efficient and economic way of moving traffic. There is much less cargo handling in that system. With that land bridge, the Canal really cannot compete. Even if we eliminated tolls on container traffic in the Canal, those containers would still be going through the U.S. West Coast land bridge.

Mr. COLEMAN. My view of that would be that we should have a study to determine its overall effect. I am talking about the competition not from West to East in the U.S. so much as I am discussing utilization of our intermodal system, as compared to the ideas that you suggested in Costa Rica or in Panama itself.

Mr. GUARDIA. There is already a land bridge in existence in Mexico, as you know, a railway bridge, that has not been able, however, to compete with the U.S. land bridge system.

Mr. COLEMAN. It has not adversely affected.

Mr. GUARDIA. No. The reason is there is a tremendous amount of handling. Containers have to come into a port, cross the country by rail be placed on a ship again, to travel to a U.S. port, and then be placed on the U.S. railway system to its final destination.

The U.S. West Coast system has less handling from a ship to a railway, to its final destination. It is very hard to compete with that.

This project, a Panama land bridge, when you look at the cost of a container transiting the Panama Canal, is really not economically feasible. It is perhaps more of an effort promoted by people who specialize in these types of studies.

Mr. COLEMAN. I don't want to pay for another study, to be honest with you. I am the same way.

Mr. Chairman, thank you.

TRADE MISSIONS

Mr. PRICE. Thank you.

Mr. Guardia, you elaborated on these revenue and traffic projections. We may have some more questions for you for the record on that. We have tracked a little below projections again this year, so you have adjusted the figures down for next year.

Please give us the reasons for these trends. Is it a pretty optimistic assessment we have bottomed out?

You are probably aware St. Lawrence Seaway Development Corporation representatives participate in several trade missions each year in an effort to increase business for the Seaway. Have you looked at that effort? I wonder how the Commission views the efficacy of these missions.

Have you used trade missions to drum up business? I will be happy to hear from either of you on that.

Mr. GUARDIA. Yes. We do visit our sources of traffic every year, both in Europe and in the Far East, which is mainly directed to our Canal users and it is sort of a two-way effort. We inform them of improvements we are doing to ensure that the Canal is effective and efficient and is being modernized so that they can plan their growth with it.

At the same time, we bring back information about their future plans of buildings and trade. This is the main source or one of the important factors considered in our traffic projections.

Canal trade is really driven by the availability of products and the need to import from the different markets. That is why it is very sensitive to the economies of the U.S. and Japan. However, having said that, the Canal is mainly a bulk-type Canal, and for that reason, traffic is fairly steady.

When we say down trends and upturns, we are really talking about very small margins. Canal traffic is fairly steady, if you compare it with other types of businesses; but we do have missions to visit our users and maintain an exchange of communications with them in that respect.

EMPLOYEE DRUG USAGE

Mr. PRICE. Let me turn to a question that has been discussed at past hearings, testing employees for drug usage.

Last year 5.8 percent of Commission employees randomly tested for drug usage tested positive. That rate is considerably above the rates normally seen in the U.S. transportation field.

Could you tell us the current rate for personnel testing positive in random tests?

Mr. GUARDIA. It is 5.8 percent. The result of the random testing is 5.8 percent. It is much lower, however, than what you would get in Panama, in general terms. There is a lot of drug availability in Panama.

Mr. PRICE. You say the current rate is 5.8? Is that unchanged over the last year? What test period is reflected in that number?

Mr. GUARDIA. The average is 5.8. The current rate is at 5.8. It has come down from last year, but the average of the last three years is what we have calculated at the same level.

We are, however, increasing the number of employees in the random testing program. We are adding 250 positions this year in an effort to try to better the results. We are very satisfied with the results, even though they are higher than the normal or the average in the U.S., but much lower than in Panama.

In Panama, there have been studies conducted that have shown even a 20 percent drug positivity result in random testing. So, there is a lot of effort that needs to be done there and the Commission is very aware of it.

Mr. PRICE. You say you are testing more employees. What percent, of your employees and what percentage of safety sensitive employee are you testing? We were told it was around three percent. Are you now doing a more comprehensive test, especially on people in sensitive areas?

Mr. GUARDIA. The percentage of employees that are being drug tested now—do you have a figure for that, Norbert?

Mr. KRAEGEL. No, I don't.

Mr. GUARDIA. But we test in different instances. Any new employee is drug tested, and then we have the random testing program. Also, when we have accidents in the Canal, we conduct drug testing.

Last year, out of a workforce of 7,000, 1,385 employees were tested for illegal drugs. Of the 1,385, 1,059 were preemployment test applicants. Thirteen of those showed positive results and were denied employment, which was about 1 percent. Sixty Commission employees were referred for testing because of incidents of apparent intoxication, for instance, and eight of those resulted in positive tests, which is about thirteen percent of the ones referred.

Twenty-three employees were tested because of management-documented reasonable suspicion of use of illegal drugs and ten were positive out of the twenty-three. So, we are in the midst of a program which is in the process of expanding.

We are going to enhance it by adding 250 more people in the testing program. The random pool today is 2,500 employees of the 7,000. So, we are going to add 10 percent more. In addition, we are going to increase the random testing.

Mr. PRICE. Last year you had improved somewhat on that three percent rate, testing something like 5.8 percent. That is still well under the standard we have set domestically.

The Department of Transportation issued extensive regulations governing drug and alcohol testing for persons in the transportation industry. Those regulations require random testing for up to 25 percent of personnel in safety-sensitive jobs.

Now does the regulation apply to your employees?

Mr. GUARDIA. No. Our program follows the directives of the three agencies: Department of Justice, Office of Personnel Management, and Department of Health and Human Services. We use those guidelines in implementing our drug testing program.

Mr. PRICE. But you still have some distance to go in covering the 25 percent?

Mr. GUARDIA. We are now randomly testing a little over 30 percent of the workforce.

Mr. PRICE. It comes to that, 2,500 out of the 7,000?

Mr. GUARDIA. It is a little over, and we are increasing that this fiscal year 1994.

Mr. PRICE. What is your response to drug abuse, especially with repeat offenders? Any way to generalize about that? What policies have you established to bring this rate down and to deal with those who persistently abuse drugs?

Mr. GUARDIA. We have a very, very strict policy of dismissing anyone that has a positive test. However, we have a treatment rehabilitation program. With anyone who tests positive, we suspend the dismissal, awaiting results from the treatment program. If the treatment program is successful, we put the suspension on hold. However, if the person is found to be on drugs again, he is immediately dismissed.

So, the reason for having a high percentage is that it is an environmental reflection. It is a fact that Panama City has a tremendous drug problem. We have to put all our efforts in offsetting that environmental effect.

Mr. PRICE. Let me turn——

Mr. COLEMAN. Would the gentleman yield for just a second?

Mr. PRICE. Be glad to yield.

Mr. COLEMAN. Talking about drugs, I was wondering what is the preference on drug usage? What kind of drugs?

Mr. GUARDIA. It is cocaine, marijuana and crack.

Mr. COLEMAN. Do you break it down? Do you have a percentage breakdown of the kinds of substance abuse?

Mr. GUARDIA. We may have a breakdown and could send the numbers for the record.

Mr. COLEMAN. I would be interested in seeing what is the preference of the drug usage by the employees.

Thank you.

Thank you for yielding.

Mr. GUARDIA. See, the problem is that drugs are very inexpensive in Panama. This is the case with crack especially . You can buy crack, apparently, at very low prices in Panama. But we will give you some statistics on that for the record.

Mr. COLEMAN. Thank you.

[The information follows:]

Cocaine is by far the most commonly used drug, with some marijuana. When marijuana is used, it is often in combination with cocaine.

PILOT LABOR ISSUES

Mr. PRICE. Last year, the Commission had major differences of opinion with the pilots' union on a new collective bargaining agreement. According to the Commission, its proposals were designed to improve administering of the previous agreement and change operations.

The pilots' union proposal included a pay increase, and an even time work plan the Commission negotiators determined were nonnegotiable. Last August, the pilots' union filed an unfair labor practice charge, so this situation has deteriorated considerably.

Could you tell the Subcommittee how this happened; how things reached this point and the current situation?

Mr. GUARDIA. Well, what is on hold right now, awaiting a legal determination, is the negotiability of the pay increase. As you know, the pilots requested over a 100 percent pay increase from $78,000 to $179,000 in base pay. So, this stopped the negotiations.

The pilots had asked for other benefits that have not been discussed because of this break in negotiations and will not be until a determination is reached.

Mr. PRICE. What is the nature of that even-time work plan the union is proposing? Why does the Commission consider it nonnegotiable?

Mr. GUARDIA. Well, the even-time plan is not necessarily non-negotiable. That would be a work condition that could be negotiated. It is the pay increase which we consider non-negotiable.

The even-time plan is similar to what some of our pilots are now in, which is called a six-four plan. The current plan is six weeks of work and four weeks off. The even-time plan that they were proposing has two modes: a four-four, which is four weeks of work, four weeks off; and a two-two plan, which is two weeks of work, two weeks off, including the previous request for a pay increase.

But as I said before, these plans have not been discussed because the negotiations were interrupted and will not be discussed until a determination is reached on the negotiability of wages.

Mr. PRICE. Mr.Coleman.

Mr. COLEMAN. Could you tell me where that decision is pending, when you say you are waiting a judicial decision?

Mr. GUARDIA. It is with the Federal Labor Relations Authority.

Mr. RHODE. FLRA.

Mr. COLEMAN. Where is that located, the Federal—here in Washington.

Mr. MCMILLAN. Yes, in Washington.

Mr. COLEMAN. Do you have a time approximation by counsel about when that decision should be forthcoming or is it ripe for a decision? What is the status?

Mr. RHODE. If I may respond. It has been at the FLRA for a few months, and at my last check, we will not expect anything for at least another six months from the FLRA on this particular issue.

Mr. COLEMAN. Thank you.

PILOT COMPENSATION

Mr. PRICE. Just to put this in some perspective, what is the average annual compensation of a pilot now and what would it be under the union's proposal?

Mr. GUARDIA. The average pilot compensation now is $109,000. The highest amount earned by a pilot in fiscal year 1993 was $158,000 base pay. The raise that they are requesting is from a base pay of $78,000 to a base pay of $179,000.

Mr. PRICE. What kind of increases are we talking about?

Mr. GUARDIA. We are talking about an increase of over 100 percent.

Mr. KRAEGEL. One hundred and thirty-three percent increase over their current salary.

Mr. GUARDIA. It is not a simple thing to understand, because our pilots' base pay is much lower than their total earnings. Panama Canal pilots' total earnings are based on base pay, plus bonuses and premiums that they earn.

Mr. PRICE. This range you gave me was $109,000 to $158,000—what is the average?

Mr. GUARDIA. The average annual salary today is $109,000. The highest amount earned by any pilot is $158,000. They are now requesting $179,000 in base pay plus all the other fringes.

Mr. COLEMAN. Go ahead. Give us a few of the examples of the other fringes. You said a bonus plus premiums. What is that?

Mr. GUARDIA. They earn bonuses, depending on the number of transits that they make.

Mr. COLEMAN. Okay.

Mr. GUARDIA. There are premiums that they receive; there also is overtime which they earn. The premiums are based on productivity measures. Work schedules have an impact on that. There are some additional compensatory factors that have an impact on that high number of $158,000. But the base pay increase they are requesting is $179,000 with all the other fringes.

Mr. RHODE. So, it would be possible for a pilot to earn $250,000 plus a year if you gave him the base pay of $179,000.

Mr. PRICE. Well, that is a hefty increase, but it is not over 100 percent. I don't understand your——

Mr. GUARDIA. Well, from $78,000 to $179,000.

Mr. COLEMAN. And that is just the base pay?

Mr. GUARDIA. Yes.

Mr. PRICE. So the $179,000 should be compared to $78,000, not to $109,000?

Mr. GUARDIA. Correct. The increase is from a base pay of $78,000 to $179,000.

PANAMA CANAL PILOTS VERSUS OTHER PILOT ASSOCIATIONS

Mr. COLEMAN. One other question.

How does that compare with pilots at the port of New Orleans, for example? Do we have——

Mr. GUARDIA. We have conducted a study of the pay of the pilot associations in the U.S., and Panama Canal pilots are the third highest paid pilots in the U.S.

Mr. COLEMAN. Would you say that again, please?

Mr. GUARDIA. Panama Canal pilots are the third highest paid pilots out of eleven pilot associations in the U.S.

Mr. COLEMAN. I see.

Mr. GUARDIA. Based on our latest study.

Mr. COLEMAN. Ranking after? Do you know who one and two are?

Mr. GUARDIA. I don't have the names with me, but pilot pay in the U.S. is very complicated because there are different association structures. There are some that work under a corporation, and part of their compensation comes from corporate revenues, dividends and other sources of revenue, for example.

So, you have to evaluate all of those factors to arrive at a total compensation package to be able to compare it. In doing so, our pilots today rank the third highest in the U.S.

Mr. McMillan. Some provide their own pilot vessels. Others may have their own insurance, retirement systems. So it is not that we are trying to confuse you or to say you cannot understand, but it really requires an in-depth look at each pilot situation to end up really comparing it.

It is interesting to note, though, that 100 pilots earn over $100,000 a year at the Panama Canal based on this pay formula.

Mr. Price. We have another group waiting, but I guess I don't quite understand your point about non-negotiability. You say it is not the even-time work arrangement that is nonnegotiable; it is the pay increase.

Now, in what sense is a pay increase nonnegotiable? Surely you do not mean that quite the way it sounds. What are you saying, that a pay increase is non-negotiable?

Mr. Guardia. Well, salaries in the Canal are considered by the agency as not part of a labor negotiation. Salary standards are tied to the U.S. Federal system and for that reason are not negotiable.

Work standards or work practices are negotiable, which we do negotiate on with all the unions when agreements are being renewed.

Mr. Price. All right. Do you expect an FLRA determination within six months?

Mr. Guardia. Within that range of time, yes.

CLOSING REMARKS

Mr. Price. We appreciate your appearance here today, your responsiveness, and we will look forward to a fuller development of the record and we will submit those questions to you.

Thank you very much.

Mr. Guardia. Thank you.

Mr. McMillan. Thank you.

[The justifications follow:]

PANAMA CANAL COMMISSION

JUSTIFICATION OF PROGRAMS AND ESTIMATES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1995

1995

PANAMA CANAL COMMISSION
SUMMARY STATEMENTS AND BUDGET SCHEDULES AND JUSTIFICATIONS

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PANAMA CANAL COMMISSION

Summary Statement

Introduction

1. The budget programs for fiscal year 1995 presented herein represent the operating and capital requirements of the Panama Canal Commission for the operation and maintenance of the Panama Canal in accord with the Panama Canal Treaty of 1977, and its implementing legislation, the Panama Canal Act of 1979.

2. The Panama Canal Commission is an agency of the United States Government operating by authority of the Congress of the United States with authorized funds provided for those purposes. The Commission has a nine-member supervisory board, an Administrator, and a Deputy Administrator, all of whom are appointed by the President of the United States. Five members of the board are United States citizens and four members, Panamanian citizens. The U. S. majority on the Board will continue to the year 2000. Five board members, of whom at least three are U. S. nationals, constitute a quorum for the conduct of business. Effective January 1, 1990, under the terms of the Treaty, the Administrator is a Panamanian national and the Deputy Administrator, a U. S. citizen.

Operations

3. Total operating costs including depreciation and interest in 1995 are estimated at $549.1 million. Wages account for approximately 54% of the operating costs. Included in this amount is no pay increase in fiscal year 1994 and a 1.6% increase in fiscal year 1995. This amount also includes payments to Panama totaling $92.8 million, comprising net tonnage payments of $72.8 million, a fixed annuity of $10.0 million, and payments for public services of $10.0 million. There is no provision in the fiscal year 1995 budget to pay Panama the contingency payment identified under paragraph 4(c) of Article XIII of the Treaty. Other major cost components

in the total of $549.1 million are the reimbursement to the Civil Service Retirement Fund for cost of early retirement benefits provided Commission employees ($15.1 million) and the interest on the net direct investment of the United States in the Canal ($7.5 million).

4. The Commission's total income in 1995 is estimated at $563.6 million. This amount includes $419.0 million in tolls revenue. The existing rates have not changed since October 1, 1992 and there is no provision for an increase in fiscal year 1995. In addition there is $144.6 million of other revenues derived from miscellaneous services provided transiting vessels, the Republic of Panama, other U.S. Government agencies operating in Panama, Commission employees, and others eligible for services under the terms of the Treaty.

5. The fiscal year 1995 estimates reflect deductions from tolls revenue for contributions required for the capital program and working capital. The amount deducted in 1995 is $14.5 million, which results in a net amount of $549.1 million available for operations.

Capital Outlay

6. Panama Canal Commission obligations for new capital projects and equipment acquisitions in 1995 are projected at $40.0 million. Included in the 1995 program is the continuation of the Gaillard Cut widening/straightening program, installation of a locomotive turntable, procurement of launches, replacement of machinery and track rooms switchgear, replacement of locks power feed cables, replacement of miscellaneous floating equipment, and replacement and improvements to transit facilities.

PANAMA CANAL COMMISSION
Summary
Tolls Receipts and Operating Results

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
I. Tolls Receipts			
Tolls at existing rates	$400,884	$412,000	$419,000
Less contribution for:			
Capital expenditures	-13,000	-11,500	-9,500
Working capital	-2,000	-5,000	-5,000
Net tolls revenue	$385,884	$395,500	$404,500
II. Operating Results			
Net tolls revenue	$385,884	$395,500	$404,500
Other revenues	140,876	140,274	144,573
Total operating revenues	526,760	535,774	549,073
Expenses:			
Transit operations	350,167	358,997	371,872
Supporting services	75,885	81,379	82,806
Administrative and general	48,318	49,452	50,035
Cost of early retirement benefits	15,144	15,144	15,144
Interest	10,486	7,862	7,500
Other general expenses	23,744	22,387	21,716
Total operating expenses	523,744	535,221	549,073
Subtotal	3,016	553	...
Recovery of prior year loss	-3,569	-553	...
Net	$-553	$ ...	$ ...

PANAMA CANAL COMMISSION
Tolls and Traffic Projections

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Tolls Income			
Ocean-going	$400,729	$411,840	$418,840
Small craft	155	160	160
Total tolls revenue	$400,884	$412,000	$419,000
Traffic (number of transits)			
Ocean-going:			
Commercial	12,086	12,205	12,310
United States Government	151	150	150
Free	20	20	20
Total ocean-going transits	12,257	12,375	12,480
Small craft	1,463	1,500	1,500
Total number of transits	13,720	13,875	13,980
Average number ocean-going transits per day	33.6	33.8	34.2
Panama Canal Commission net tons (in thousands)			
Ocean-going	187,710	193,336	196,623
Small craft	81	91	91
Total net tons	187,791	193,427	196,714
Toll rate (in dollars)			
Laden rate per PC net ton:			
Current	$2.21	$2.21	$2.21

PANAMA CANAL COMMISSION
Tolls and Traffic Revenue

Fiscal Year	Ocean-going Transits Total	Ocean-going Transits % Over 100' Beam	PC Net Tons (In millions)	Tolls Revenue (In millions)	
1980	13,614	16.0%	183	$293	
1981	13,984	16.2%	190	303	
1982	14,142	19.0%	204	326	
1983	11,846	20.0%	171	288	1/
1984	11,384	19.1%	164	289	
1985	11,654	20.4%	170	301	
1986	12,023	21.8%	184	323	
1987	12,313	21.7%	187	330	
1988	12,318	23.5%	192	339	
1989	12,075	22.9%	187	330	
1990	12,052	22.8%	183	356	2/
1991	12,763	23.1%	193	375	
1992	12,636	23.8%	190	369	
1993	12,257	24.7%	188	401	3/
1994 Estimate	12,375	25.3%	193	412	
1995 Estimate	12,480	25.6%	197	419	

1/ Toll increase of 9.8% effective 3/12/83.
2/ Toll increase of 9.8% effective 10/01/89.
3/ Toll increase of 9.9% effective 10/01/92.

PANAMA CANAL COMMISSION
Other Revenues

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Navigation service and control:			
Tug and launch operations	$40,514	$40,968	$41,942
Handling ship's lines	29,062	30,524	31,694
Transit and port pilotage	3,578	3,973	4,227
Other	393	375	387
Total navigation services	73,547	75,840	78,250
Transit reservation fees	14,714	13,800	14,500
Power system	30,333	28,585	29,022
Water system	11,462	12,506	13,007
Fire protection	5,793	5,069	5,294
Central chilled water system	1,292	1,355	1,375
All other revenues	3,735	3,119	3,125
Total other revenues	$140,876	$140,274	$144,573

PANAMA CANAL COMMISSION
Major Expense Categories

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Payroll and related costs	$285,897	$293,733	$301,583
Supplies and materials:			
Inventory issues	17,957	20,203	21,853
Purchases	19,869	21,589	23,188
Treaty payments to Panama	87,597	89,624	92,779
Depreciation	23,767	26,128	26,747
Early retirement benefits	15,144	15,144	15,144
Interest on U.S. Government investment	10,486	7,862	7,500
Cost of fuel for power generation	9,140	10,165	10,662
Maintenance and repair - contracts	20,484	23,153	22,241
Accrual for - locks overhaul	10,865	11,183	11,126
- floating equipment overhauls	3,873	3,962	4,223
- marine accidents	6,410	4,000	4,000
- other casualty losses	721	150	150
- excess & obsolete inventory	835	950	950
Deduct: credit for capital and reserve costs.	-26,018	-25,038	-25,460
Other operating costs	36,717	32,413	32,387
Total operating expenses	$523,744	$535,221	$549,073

PANAMA CANAL COMMISSION
Summary of Operating Expenses by Function

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Transit Operations			
Maintenance of channels, dams and spillways..	$50,442	$52,699	$54,033
Navigation services and control	91,284	92,868	97,418
Locks operations and maintenance	58,445	62,637	64,996
General repair, engineering and maintenance .	27,100	27,178	28,687
Fire and facility protection	14,456	14,880	15,205
General canal expense	108,440	108,735	111,533
Total transit operations	350,167	358,997	371,872
Supporting Services			
Logistical services	9,594	10,511	10,621
Motor transportation	12,916	13,690	14,012
Power system	18,728	21,450	20,668
Communications system	11,475	12,164	12,672
Central chilled and water systems	10,180	10,468	10,884
General support services	12,992	13,096	13,949
Total supporting services	75,885	81,379	82,806
Administrative and General			
Under Congressional Limitation:			
Executive direction	12,263	13,069	13,445
Operations direction	2,145	2,312	2,365
Financial management	14,046	14,471	14,754
Personnel administration	4,496	4,656	4,755
Inspector general	1,200	1,502	1,567
Employment costs	13,420	13,442	13,149
Total under limitation	47,570	49,452	50,035
Not Under Congressional Limitation:			
Early retirement costs	15,144	15,144	15,144
Interest	10,486	7,862	7,500
Other general expenses	24,492	22,387	21,716
Total not under limitation	50,122	45,393	44,360
Total administrative and general	97,692	94,845	94,395
Total operating expenses	$523,744	$535,221	$549,073

PANAMA CANAL COMMISSION
Transit Operations
Maintenance of Channels, Dams and Spillways

Mission Statement

To maintain proper navigational depth in the channel. It also includes: (1) observation and study of meteorological and hydrographic conditions; and (2) operation and maintenance of a wide range of equipment and facilities, such as channel lights, beacons, buoys and other navigational aids, the dams and spillways, and other earth works and structures adjacent to the waterway.

This function includes such major activities as:

Meteorology-hydrography surveys - Operation of the Meteorological and Hydrographic Branch, which manages the water resources and performs hydrographic surveys of the Canal to determine dredging requirements. Functions include operation and maintenance of rainfall measurement stations, performance of meteorological forecasts, flood control, and topographic surveys.

Dredging operation - Operation of dredges MINDI and CHRISTENSEN, including running maintenance performed by the crews, supplies and materials, and supporting equipment, including pipe lines, launch and tug support.

Drilling and blasting operations - Operation of the drillboat THOR, including explosives, and the land coredrill equipment used for Canal maintenance and improvement, bank stabilization program, and instrumentation of dams and spillways.

Other support equipment - Operation of the dredging tug and launch fleet, craneboat ATLAS, and the floating cranes HERCULES and GOLIATH.

Maintenance, repairs and overhaul services - Major maintenance and overhaul of dredging floating equipment other than tugs. This also includes the maintenance and repair of the Canal's navigational aids and Dredging Division facilities.

All other - Includes remedial work on slide areas, maintenance of the Atlantic breakwater, bank erosion, maintenance of dams and spillways, oil pollution and debris control, and other projects to ensure the safety and stability of the channel.

Accrual for overhaul of dredging tugboat fleet - Provides for overhaul and maintenance on the Commission's dredging tugboat fleet. The method used for accruing the cost of overhauling the tugs is a four-year moving average recognizing differences in the actual and estimated costs as they become known.

PANAMA CANAL COMMISSION
Transit Operations
Maintenance of Channels, Dams and Spillways

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses			
Payroll and related	$22,306	$23,509	$24,044
Fuel	972	1,148	1,097
Supplies and materials	4,380	4,261	4,607
Other direct costs	3,770	5,230	4,786
Commission maintenance and power services	7,551	7,340	8,253
Depreciation	11,065	11,439	11,485
Accrual for overhaul of dredging tugboat fleet	477	452	441
Total operating expenses	50,521	53,379	54,713
Credit for capital expenditures	-79	-680	-680
Net operating expenses	$50,442	$52,699	$54,033
Analysis of projected increase/-decrease			
Total cost escalation		$892	$907
Program/workload requirements:			
Payroll and related		604	65
Other direct costs		1,438	-520
Commission maintenance and power services		-340	699
Other expenses		-337	183
Total program/workload requirements		1,365	427
Projected increase/-decrease		$2,257	$1,334

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in payroll and related and other direct costs is mainly due to an increased requirement for personnel and per diem required for dredging activity and launch/tug support to the Atlantic entrance widening project and Cristobal anchorage project. The decrease in commission maintenance mainly reflects the completion of industrial division's floating equipment overhaul work.

FY 1994 to FY 1995
The decrease in other direct costs principally reflects completion of maintenance and repair contracts and a reduced requirement for per diem due to completion of suction dredging activity and launch/tug support to the Atlantic entrance widening project and Cristobal anchorage project.

PANAMA CANAL COMMISSION
Transit Operations
Navigation Service and Control

Mission Statement

To provide safe and efficient transit of vessels through the Canal and in the terminal port areas.

The Navigation Service and Control function is responsible for vessel transits through the Canal, vessel docking, and related services such as tug and launch service, boarding and admeasuring services, traffic control, and linehandling services.

Included in this function are such major activities as:

Transit and port pilotage - Provides pilotage of transiting vessels and vessel movement in and around harbors and piers, administrative and special duty assignments given to pilots. Also included are other miscellaneous expenses related to pilotage.

Tug and launch operations - Tug operations include services connected with Commission tug operations, port engineer and towboat shore stations, tug crews (master, engineers, oilers, seamen leaders, and seamen); operating supplies and materials (fuel, oil, lines and other consumables); and other services related to the operation of tug fleet. Commission launch operations include launch crews and launch dispatchers, related supplies and materials (fuel and other consumables); and other general activities associated with launch services.

Handling ships' lines - Provides deckhand services to transiting vessels including related supervision and clerical personnel; contract bus service to work sites; and other general activities associated with handling ships' lines.

Vessel control, admeasurement and dispatch - Includes vessel control and dispatch costs connected with Marine Traffic Control Center, the Ship Data Bank Control Center, and signal station operations. The admeasuring operation provides boarding party services and measurement of the vessel cargo-carrying areas for determination of tolls assessment.

Maritime training program - Provides maritime training including related supervision and clerical personnel; personnel services of pilots-in-training and towboat trainees (apprentice mate trainees, mates, assistant engineers and engineer trainees); operating supplies and materials (VHS tapes, textbooks, software programs, and audio-visual aids); and other general expenses directly related to maritime training.

Supervision and general operations - Includes divisional management, administration and general support operations, personnel services, materials and supplies, and other general services associated with the navigation and control function.

Accrual for overhaul of navigation tugboat fleet - Provides for overhaul and maintenance on the Commission's navigation tugboat fleet. The method used for accruing the cost of overhauling the tugs is a four-year moving average recognizing differences in the actual and estimated costs as they become known.

PANAMA CANAL COMMISSION
Transit Operations
Navigation Service and Control

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$75,814	$77,798	$81,273
Fuel	1,981	1,793	1,847
Supplies and materials	2,169	1,813	1,871
Other direct costs	2,335	2,430	2,952
Commission maintenance and power services	2,800	2,444	2,555
Depreciation	2,837	3,086	3,144
Accrual for overhaul navigation tugboat fleet	3,396	3,510	3,782
Total operating expenses	91,332	92,874	97,424
Credit for capital expenditures	-48	-6	-6
Net operating expenses	$91,284	$92,868	$97,418

Analysis of projected increase/-decrease	FY 1994 Estimate	FY 1995 Estimate
Total cost escalation	$2,037	$2,011
Program/workload requirements:		
Payroll and related	150	1,710
Supplies and materials	-652	...
Other expenses	49	829
Total program/workload requirements	-453	2,539
Projected increase/-decrease	$1,584	$4,550

Explanation of program/workload requirements

FY 1993 to FY 1994
The decrease in supplies and materials is primarily due to reduced requirements for supplies and fuel for tugs.

FY 1994 to FY 1995
The change in payroll and related is mainly due to the increased marine staffing requirements resulting from slight changes in the traffic ship mix and increased maritime training requirements. The increase in other expenses is primarily due to varying operating requirements and maintenance to the tugboat fleet and facilities.

PANAMA CANAL COMMISSION
Transit Operations
Locks Operations and Maintenance

Mission Statement

To provide safe and efficient handling of vessels through the locks; maintain lock structures and appurtenances; and perform periodic major overhauls of the underwater portions of the locks.

Included in this function are such major activities as:

Locks maintenance and repairs - Provides for the repairs and maintenance of machinery, equipment and structures at the three sets of locks.

Lockage operations - Included in this activity are personnel associated with handling vessels at the locks (towing-locomotive operators, lockmasters, control house personnel, linehandlers on lock walls, and boatmen) in coordination with other activities having responsibilities for direction and control of ship movement in the Canal.

Supervision and general - Management and general operations personnel services; supplies and materials; and other general expenses associated with the locks operations and maintenance function.

Accrual for lock overhauls - Provides for the maintenance of the underwater parts of the locks on a regularly scheduled basis. The method used for accruing the cost of overhauling the locks is a moving average recognizing differences in the actual and estimated costs as they become known.

Schedule of Overhaul Expenditures

Fiscal Year	Description of work	Expenditure (Dollars in thousands)
1994	Rising Stem Valves (RSVs) and Cylindrical Valves (CVs) overhaul at Gatun. Includes procurement, rehabilitation, reconditioning, and painting	$9,596
	Preparatory work for FY 1995 RSV overhaul	200
	Pumps and other overhaul equipment	1,231
	Remove, paint, and rehang MGs 120 and 121 and other miscellaneous work at Miraflores	914
	Total	$11,941
1995	RSV and CV overhaul at Gatun and Pedro Miguel. Includes procurement, rehabilitation, painting, assembly and other miscellaneous work	$7,877
	Dry chamber overhaul and rehang MGs 17 and 18	1,652
	Prepare for FY 96 overhaul MGs 112 and 113	415
	Repair pumps and other overhaul equipment	1,162
	Total	$11,106

PANAMA CANAL COMMISSION
Transit Operations
Locks Operations and Maintenance

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$34,134	$35,123	$37,041
Supplies and materials	5,082	6,577	7,215
Other direct costs	994	1,255	1,789
Commission maintenance and power services	4,185	4,637	4,654
Depreciation	3,610	3,862	4,314
Accrual for locks overhaul	10,865	11,183	11,126
Total operating expenses	58,870	62,637	66,139
Credit for capital expenditures	-425	...	-1,143
Net operating expenses	$58,445	$62,637	$64,996

Analysis of projected increase/-decrease

	FY 1994	FY 1995
Total cost escalation	$1,154	$993
Program/workload requirements:		
Payroll and related	107	1,279
Supplies and materials	1,352	439
Other expenses	1,579	-352
Total program/workload requirements	3,038	1,366
Projected increase/-decrease	$4,192	$2,359

Explanation of program/workload requirements

FY 1993 to FY 1994
Increased supplies and materials reflect the delayed purchase of major maintenance and contract supplies in 1993. The change in other expenses is mainly due to increased electrical and industrial division services to locks facilities.

FY 1994 to FY 1995
The change in payroll and related is mainly due to temporary personnel for installation of a turntable at Gatun locks and additional staffing to relieve operating personnel. The increase in supplies and materials is primarily due to requirements for the turntable project and a higher level of routine maintenance. The decrease in other expenses is mostly due to completion of contract maintenance work at several locks facilities.

PANAMA CANAL COMMISSION
Transit and Operations
General Repair, Engineering and Maintenance Services

Mission Statement

This activity provides the wide range of maintenance and repair work on structures, marine floating equipment, and shop and construction equipment necessary for the safe and efficient operation of the total Canal enterprise. Included are related engineering services and the general supervision and administration of construction work performed for the Commission by private contracting firms.

Included in this function are such major activities as:

Vessel repair services - Operation of the repair facility for Commission floating equipment including design, overhaul, and repair; maintain salvage and diving capability; operation of shops for the manufacture and repair of machine parts; operation of tug/locks miter gate repair facilities; perform marine damage surveys; and inspect and certify cranes and elevators.

Engineering services - Provides engineering and architectural designs, estimates, specifications, and pre-contract functions; special engineering and soils studies as required; and annual inspection maintenance program of Commission buildings and structures.

Contract-inspection service - Provides those services necessary for the management of contract construction work for the Commission, including contract formulation and award, quality and safety assurance, construction problem resolutions, contract modification, and payment approval.

Electrical maintenance service - Provides electrical maintenance and repair service for all Commission buildings and employee housing including electrical maintenance support to other Commission units as required.

General maintenance service - Provides maintenance and improvements to Commission buildings, employee housing, and certain sewer systems; locks rehabilitation work and overhaul support (exclusive of work performed by contract). Includes cost of operating an environmental laboratory with functions that include tests on construction materials; miscellaneous chemicals and physical analyses; testing of such items as paint, oil, and corrosion products; monitoring salt and fresh water quality; air quality testing; analysis of oil and industrial hygiene samples; and operating an instrument repair shop.

Sanitation and grounds expense - Provides environmental sanitation and grounds care in Canal operating and Commission housing areas. Also included are the operation and maintenance of the sanitary landfill disposal sites, one each on the Atlantic and Pacific sides of the Isthmus.

PANAMA CANAL COMMISSION
Transit Operations
General Repair, Engineering and Maintenance Services

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$45,532	$46,363	$47,242
Supplies and materials	11,096	12,095	12,705
Other direct costs	1,922	1,944	2,553
Commission maintenance and power services	1,373	1,650	1,775
Depreciation	1,689	1,863	1,906
Total operating expenses	61,612	63,915	66,181
Credit for capital expenditures	-3,157	-2,466	-2,470
Credit for maintenance services to other activities	-31,355	-34,271	-35,024
Net operating expenses	$27,100	$27,178	$28,687

Analysis of projected increase/-decrease	FY 1994	FY 1995
Total cost escalation	$1,165	$390
Program/workload requirements:		
Other expenses	-1,087	1,119
Total program/workload requirements	-1,087	1,119
Projected increase/-decrease	$78	$1,509

Explanation of program/workload requirements

FY 1993 to FY 1994
The decrease in other expenses is due to a reduced level of overhaul work on Commission floating equipment; rising stem valve; caisson and miter gate overhauls.

FY 1994 to FY 1995
The change in other expenses reflects increased requirement for contract maintenance for overhauls, annual inspection of buildings and other maintenance programs.

PANAMA CANAL COMMISSION
Transit Operations
Fire and Facility Protection

Mission Statement

Provide fire and facility protection services in the Canal operating areas as specified under the Treaty and in accord with joint agreements between the Republic of Panama and the Commission.

Included in this function are such major activities as:

Fire protection - Firefighting and fire protection services throughout Panama Canal Commission areas, defense sites, military areas of coordination, and ships in Canal waters. In most of these areas, firefighting is done in cooperation with the Cuerpo de Bomberos de Panama (Panama Fire Department).

Facility protection - Protection and security of selected Commission installations which are vital to the operation, management, and maintenance of the Panama Canal.

PANAMA CANAL COMMISSION
Transit Operations
Fire and Facility Protection Services

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$13,146	$13,430	$13,721
Supplies and materials	539	562	621
Other direct costs	357	490	414
Commission maintenance services	303	202	220
Depreciation	111	196	229
Total operating expenses	$14,456	$14,880	$15,205
Analysis of projected increase/-decrease			
Total cost escalation		$299	$350
Program/workload requirements:			
Other expenses		125	-25
Total program/workload requirements		125	-25
Projected increase/-decrease		$424	$325

PANAMA CANAL COMMISSION
Transit Operations
General Canal Expense

Mission Statement

Expenses of supporting transit operations not assignable to individual activities.

Included in this function are such major activities as:

Apprentice and other trainees' salaries - Salaries of 1st and 2nd year apprentices training for craft positions. Also includes salaries of pilot trainees under the Pilot Understudy Program and trainees under the Career Intern and Cooperative Education Programs.

Occupational health and safety - Prevention of occupational diseases and injuries through surveys of industrial operations, as well as monitoring the health aspects of the Commission's adherence to the Occupational Safety and Health Act of 1970, Public Law 91-596.

Liaison Office - Responsible for maintaining coordination with the Government of Panama.

Board of local inspectors - Board operation which includes principally investigations of marine accidents, including accidents in and outside the locks and in the terminal port areas involving Commission personnel and equipment.

Treaty costs - Include payments to Panama pursuant to Articles III and XIII of the Panama Canal Treaty of 1977, and the costs associated with the Treaty-related transfer of housing units to Panama.

Catastrophe insurance - Insurance coverage to protect against major accidents and unpredictable revenue losses, third party liability, and other expenses arising from catastrophic accidents.

Accrual for marine accidents and casualty losses - Annual accrual for Commission's uninsured marine accident costs and other casualty losses.

PANAMA CANAL COMMISSION
Transit Operations
General Canal Expense

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Operating expenses:	(Dollars in thousands)		
Payroll and related:			
Apprentice and other trainees' salaries	$2,798	$2,943	$2,377
Occupational health and safety	3,255	3,332	3,402
Technical resources center	578	607	618
Liaison office	404	412	421
Board of local inspectors	337	337	344
Other payroll and related	19	38	39
Supplies and materials	196	271	275
Other direct costs:			
Treaty costs:			
Payment to Panama for public services	10,000	10,000	10,000
Fixed annuity payment to Panama	10,000	10,000	10,000
Panama Canal net-tons transiting payment to Panama	67,597	69,624	72,779
Catastrophe insurance	3,475	3,783	3,790
Other	1,475	1,638	1,611
Commission maintenance and power services	747	729	856
Depreciation	428	871	871
Accrual for marine accidents	6,410	4,000	4,000
Accrual for casualty losses	721	150	150
Total operating expenses	$108,440	$108,735	$111,533

Analysis of projected increase/-decrease		FY 1994	FY 1995
Total cost escalation		$164	$2,158 [1]
Program/workload requirements:			
Payroll and related		145	-608
Tonnage payments to Panama		2,027	1,188
Other expenses		-2,041	60
Total program/workload requirements		131	640
Projected increase/-decrease		$295	$2,798

Explanation of program/workload requirements

FY 1993 to FY 1994
Payroll increased mainly due to promotions of trainees in the Commission's pilot and apprentice programs. Tonnage payment increased due to a slight increase in traffic. Decreased other expenses reflect a change in marine accident accrual.

FY 1994 to FY 1995
Payroll decreases due to appentices and other trainees transferred to divisions. Tonnage payments to Panama increase as a result of a slight increase in traffic.

1/ Includes $1,967 tonnage payment increase from $0.36 to $0.37 per ton.

PANAMA CANAL COMMISSION
Supporting Services
Logistical Services

Mission Statement

This service is comprised of the storehouse operations and provides the required purchasing, warehousing and issuing of goods necessary for Canal operations. This includes operation of a procurement office in New Orleans.

PANAMA CANAL COMMISSION
Supporting Services
Logistical Services

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$5,697	$5,883	$5,972
Supplies and materials	472	913	915
Other direct costs	2,040	2,079	2,059
Commission maintenance and power services	345	470	492
Depreciation	205	216	233
Allowance for obsolete and excess stock	835	950	950
Total operating expenses	$9,594	$10,511	$10,621
Analysis of projected increase/-decrease			
Total cost escalation		$236	$273
Program/workload requirements:			
Supplies and materials		417	-35
Other expenses		264	-128
Total program/workload requirements		681	-163
Projected increase/-decrease		$917	$110

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in supplies and materials is mostly attributable to increased demand of inventory items by Commission units. The increase in other expenses reflects maintenance contract work on facilities.

FY 1994 to FY 1995
The reduction in other expenses is primarily due to the completion of maintenance contract requirements to logistical services facilities.

PANAMA CANAL COMMISSION
Supporting Services
Motor Transportation

Mission Statement

This activity is responsible for the operation and maintenance of a consolidated motor vehicle pool system and facilities in support of Commission operations. A major portion of the fleet is comprised of large passenger carrying sedans utilized in transporting canal pilots across the isthmus. Additional types of vehicles provided, serviced, and repaired include construction, material handling, grounds maintenance, heavy equipment, and other miscellaneous vehicles. This activity also provides miscellaneous repair services to other units of the Commission.

Included in this function are such major activities as:

Motor vehicle operations - Provide for the operation of the Motor Transportation Division official vehicles.

Repair shops - Responsible for the operation of shops which provide the repair and servicing of Commission motorized equipment and stationary machinery.

Supervision and general - Provides for management and general operations, personnel services and supplies and materials. In addition, this activity includes the cost of maintaining the motor pool facilities by other Commission units.

PANAMA CANAL COMMISSION
Supporting Services
Motor Transportation

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$8,130	$8,359	$8,519
Fuel	412	418	432
Supplies and materials	906	932	961
Other direct costs	351	265	246
Commission maintenance and power services	275	297	316
Depreciation	2,872	3,462	3,582
Total operating expenses	12,946	13,733	14,056
Credit for capital expenditures	-30	-43	-44
Net operating expenses	$12,916	$13,690	$14,012
Analysis of projected increase/-decrease			
Total cost escalation		$270	$223
Program/workload requirements:			
Other expenses		-86	-21
Depreciation		590	120
Total program/workload requirements		504	99
Projected increase/-decrease		$774	$322

PANAMA CANAL COMMISSION
Supporting Services
Power System

Mission Statement

The Power System provides for the generation, transmission, and distribution of electricity to the Commission, U. S. Military, and for interchange with the Republic of Panama.

Included in this function are such major activities as:

Power generation - Power generated by both hydroelectric and thermal means by Commission-owned and operated generating plants. Maintenance of generating equipment is also included in this function.

Power transmission and distribution system - Includes power distribution and maintenance of the power distribution system, including transmission lines, transformers, and switching gear for the Canal operating areas. (The U.S. military forces and Government of Panama are responsible for maintaining transmission lines within their respective areas.)

Generating stations - The power system consists of two steam turbine generators (one 33 and one 22 megawatts); two 10 megawatt gas turbines; and one 18 megawatt gas turbine. The system also has two hydroelectric plants, with capacities of 36 megawatts at Madden and 24 megawatts at Gatun, which are operated when sufficient water is available.

Supervision and general - Costs associated with the administration of the power system including engineering, administrative and clerical support personnel, and maintenance of buildings and structures under the responsibility of the Power Branch.

PANAMA CANAL COMMISSION
Supporting Services
Power System

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$5,004	$5,188	$5,221
Fuel used for generating power	9,140	10,165	10,662
Supplies and materials	3,466	3,622	3,952
Other direct costs	3,155	4,430	3,073
Commission maintenance services	2,820	3,018	2,779
Depreciation	1,310	1,442	1,501
Total operating expenses	24,895	27,865	27,188
Credit for power services to other activities.	-6,167	-6,415	-6,520
Net operating expenses	$18,728	$21,450	$20,668

Analysis of projected increase/-decrease	FY 1994	FY 1995
Total cost escalation	$585	$832
Program/workload requirements:		
Payroll and related	44	-69
Supplies and materials	661	206
Other direct costs	1,152	-1,486
Commission maintenance services	163	-324
Depreciation	117	59
Total program/workload requirements	2,137	-1,614
Projected increase/-decrease	$2,722	$-782

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in supplies and materials and other direct cost reflects increased requirements for maintenance and overhaul work performed to the Commission's power generating systems.

FY 1994 to FY 1995
The change in other direct costs and Commission maintenance services are principally attributable to completion of certain maintenance and repair requirements on the Commision's power generating systems.

PANAMA CANAL COMMISSION
Supporting Services
Communication System

Mission Statement

The Communication Branch provides full scope telecommunications and electronics services for the Commission; procurement, installation, and maintenance of facilities and equipment; and, where appropriate, operation of systems, such as telephone, microwave, radio paging, data transmission, and other communications systems throughout the Canal areas to support Canal operations.

Included in this function are such major activities as:

Operation and maintenance of telephone systems - Basic telephone service and standard maintenance of central office equipment, outside plant and microwave and related systems. Also provides maintenance services on specialized telephone systems owned and operated by other Commission units.

Operation and maintenance of electronics systems - Maintenance of radio systems, digital systems and electronic equipment in general. Also includes maintenance service on specialized electronic systems owned and operated by other Commission units.

PANAMA CANAL COMMISSION
Supporting Services
Communications System

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$5,253	$5,375	$5,510
Supplies and materials	1,485	1,482	1,609
Other direct costs	1,261	1,536	1,614
Commission maintenance and power services	634	760	823
Depreciation	3,028	3,181	3,286
Total operating expenses	11,661	12,334	12,842
Credit for capital performance	-186	-170	-170
Net operating expenses	$11,475	$12,164	$12,672

Analysis of projected increase/-decrease

		FY 1994 Estimate	FY 1995 Estimate
Total cost escalation		$235	$244
Program/workload requirements:			
Other direct costs		227	25
Other expenses		227	239
Total program/workload requirements		454	264
Projected increase/-decrease		$689	$508

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in other direct costs and other expenses is mainly attributable to purchase and maintenance of additional data options and software; and the full-year effect of a satellite communications contract.

FY 1994 to FY 1995
Other expenses reflect an increase in electrical maintenance services to replace repair and install communications equipment.

PANAMA CANAL COMMISSION
Supporting Services
Central Chilled and Water Systems

Mission Statement

Provides for the operation and maintenance of a central chilled water production plant for air conditioning of certain buildings in the Balboa and Ancon areas; the operation and maintenance of filtration plants; and the distribution of potable water to canal, military operating areas, as well as the city of Panama on the Pacific and Colon city on the Atlantic.

Included in this function are such major activities as:

Central chilled water system - This operation consists of a chilled water pumping and cooling plant in the Balboa area which chills and distributes water to users by means of insulated pipes. Two loops of insulated pipes are used, one carrying chilled water to the buildings in the Ancon area and the second serving the Balboa area. The buildings served provide the necessary air distribution systems, heat exchange equipment, and humidity controls. The Commission provides air conditioning service, on a reimbursable basis, to other U.S. Government agencies.

Pumping operations - Cost of operating and maintaining water pumping equipment located at various pump stations throughout the Canal operating area, i.e., Balboa, Gamboa, Los Rios, Miraflores and Paraiso.

Filtration operations - Cost of operating and maintaining the two water filtration plants located at Miraflores and Mt. Hope.

Reservoir and water line maintenance - Cost of maintaining water reservoirs and distribution lines.

Miscellaneous operations and maintenance - Cost of maintaining water system equipment and water meters.

Supervision and general - Cost of administering the water system including sanitary engineering, administrative, and clerical support personnel.

PANAMA CANAL COMMISSION
Supporting Services
Central Chilled and Water Systems

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$2,337	$2,575	$2,734
Supplies and materials	1,563	1,654	2,012
Other direct costs	530	536	412
Commission maintenance services	2,447	2,119	2,063
Commission power services	2,801	2,998	3,048
Depreciation	502	586	615
Total operating expenses	$10,180	$10,468	$10,884

Analysis of projected increase/-decrease	FY 1994 Estimate	FY 1995 Estimate
Total cost escalation	$269	$227
Program/workload requirements:		
Other expenses	19	189
Total program/workload requirements	19	189
Projected increase/-decrease	$288	$416

Explanation of program/workload requirements

FY 1993 to FY 1994

FY 1994 to FY 1995
The change in other expenses includes increased requirement for spare parts for pump stations.

PANAMA CANAL COMMISSION
Supporting Services
General Support Services

Mission Statement

These activities provide the necessary repair, maintenance, and custodial services for buildings, offices; repair and maintenance of Commission houses; operation of a furniture and equipment pool; the operation of a printing office for Commission printing and duplicating services requirements; an employee fitness program and activities for Commission employees and their dependents.

Included in this function are the following major activities:

Commission building service - Provides the repairs, alterations, and maintenance of Commission offices, warehouse, shops and other buildings; operation of a furniture and equipment pool; and provides custodial services to Commission buildings not specifically assigned to other Commission units.

Commission housing service - Provides for repairs, maintenance of Commission quarters and related facilities; as well as the administration and management of housing policies and regulations.

Printing office - Consists of operating a printing plant which provides press, duplicating and related services for Commission needs. This activity is a Government field printing plant authorized under regulations of the Joint Committee on Printing.

Employee fitness program - Provides adult and youth off-duty morale support activities, and physical fitness programs for Commission employees and their dependents. Operates and maintains swimming pools, tennis courts, ball parks and other sites; and furnishes a modest level of sporting equipment for certain community activities in the Commission areas.

PANAMA CANAL COMMISSION
Supporting Services
General Support Services

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$4,351	$4,430	$4,422
Supplies and materials	430	459	463
Other direct costs	2,776	2,635	3,279
Commission maintenance and power services	4,893	5,025	5,234
Depreciation	542	547	551
Total operating expenses	$12,992	$13,096	$13,949

Analysis of projected increase/-decrease	FY 1994 Estimate	FY 1995 Estimate
Total cost escalation	$273	$329
Program/workload requirements:		
Other direct costs	-213	562
Other expenses	44	-38
Total program/workload requirements	-169	524
Projected increase/-decrease	$104	$853

Explanation of program/workload requirements

FY 1993 to FY 1994
The decrease in other direct costs is due mainly to reduced maintenance performed on both buildings and vacant quarters.

FY 1994 to FY 1995
The increase in other direct costs is due to annual maintenance contracts principally for office renovations, conversion of quarters to offices, painting, and other maintenance contracts.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Executive Direction

Mission Statement

Executive direction provides the management, planning, direction and control of overall Commission activities and operations; also, provides for Congressional liaison through the Secretary's Office in Washington, D. C., and implements policies and directives of the Commission's Supervisory Board.

This function includes such major activities as:

Supervisory Board - Establishes policies for the Panama Canal Commission. Costs include a modest amount for official reception and representation of the Board.

Guide service - Provides orientation for official visitors and the public encompassing the history and current operations of the Panama Canal. Includes the maintenance costs of the visitors' observation sites in the Canal area.

Consultants and advisors - Consultant contracts are utilized to provide support of Canal modernization and improvement, contributing directly to Canal operational efficiency. In the administrative area, consultant services provide expert advice and evaluation of a review of the tolls system; advice of vessel accident claims and other Commission litigation; Canal traffic forecasts; and services in labor relations hearing cases. These services are essential to maintain efficiency and to comply fully with government regulations.

Office of Public Affairs - Responsible for public affairs and information activities, press and news releases, and the publication of a biweekly newspaper in English and Spanish. Provides communication with Canal "customers", the maritime industry. Also includes graphics and audio-visual services.

Office of the Commission Secretary - Located in Washington, D. C., it has primary responsibility for liaison with the U.S. Congress and other Federal Government departments and agencies. Includes the Secretary's official reception and representation expense.

Office of the Administrator and staff - Exercises general and active control over the Commission's offices, business and operations, and general supervision over its agents, attorneys and employees. Also provides for the Administrator's official reception and representation expense, and a modest contingency for cash grants to assist community and recreational organizations in Commission areas.

Administrative services - General administrative services performed for the Commission such as records management, forms control, messenger and mail services, microfilming, translation and interpreter services, issuance of identification documents for employees and dependents, and issuance of travel and transportation orders.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Executive Direction

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related costs	$9,364	$10,065	$10,391
Supplies and materials	279	291	302
Other direct costs	2,462	2,545	2,569
Commission maintenance and power services	158	168	183
Total operating expenses	$12,263	$13,069	$13,445

Analysis of projected increase/-decrease		FY 1994 Estimate	FY 1995 Estimate
Total cost escalation		$248	$304
Program/workload requirements:			
Payroll and related		512	78
Other expenses		46	-6
Total program/workload requirements		558	72
Projected increase/-decrease		$806	$376

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in payroll and related costs is mainly in the Office of the Administrator and the Office of Executive Administration due to the delay in filling various staff, administrative and developmental positions in FY 1993.

FY 1994 to FY 1995
The change in payroll and related is mainly due to promotion of career interns in developmental positions in the Office of the Administrator and the Office of Executive Administration.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Operations Direction

Mission Statement

Operations direction provides for the bureau-level direction and coordination of the non-administrative activities of the Commission.

This function includes the costs associated with administering the directors' offices for the various non-administrative Commission operating activities, i.e., the Marine Bureau, the Engineering and Construction Bureau, and the General Services Bureau.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Operations Direction

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related costs	$1,988	$2,168	$2,216
Supplies and materials	44	50	52
Other direct costs	70	63	64
Commission maintenance services	43	31	33
Total operating expenses	$2,145	$2,312	$2,365
Analysis of projected increase/-decrease			
Total cost escalation		$39	$53
Program/workload requirements:			
Payroll and related		144	-2
Other expenses		-16	2
Total program/workload requirements		128	...
Projected increase/-decrease		$167	$53

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in payroll and related costs is mainly due to full-year effect of Engineering direction positions occupied only part of FY 1993.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Financial Management

Mission Statement

The financial management function is responsible for the development of financial, accounting and rate-making policies; development of financial systems and procedures; maintenance of the general books of account and the preparation of financial statements and reports; establishment of systems of internal control; collection, custody and disbursement of funds and related fiscal matters; and financial planning and manpower control.

This function includes such major activities as:

Office of Chief Financial Officer, financial planning, budget management, treasury, and systems - The Office of Chief Financial Officer provides the financial direction and guidance for the Commission. The financial planning activity is responsible for rate-making policies and special financial studies. Budget management is responsible for the budget process, manpower control, and liaison with the Office of Management and Budget. The treasury activity is responsible for collection, custody, and disbursement of funds; and liaison with the Department of the Treasury. The systems activity develops financial and accounting policies and reviews and maintains accounting and other financial systems.

Accounting division - Performs the accounting and related administrative and internal control functions for the Commission, including the preparation of internal and external reports of financial condition.

Management information systems (MIS) - Responsible for establishing data processing related policy and guidelines, long-range planning for the Commission's data processing requirements and facilities, and direction of the activities of the Computer Operations Division, the Data Processing Systems Division and the MIS Technical Services Staff.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Financial Management

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$11,156	$11,418	$11,600
Supplies and materials	173	196	204
Other direct costs	2,685	2,816	2,903
Commission maintenance services	32	41	47
Total operating expenses	$14,046	$14,471	$14,754
Analysis of projected increase/-decrease			
Total cost escalation		$309	$367
Program/workload requirements:			
Payroll and related		40	-94
Other expenses		76	10
Total program/workload requirements		116	-84
Projected increase/-decrease		$425	$283

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Personnel Administration

Mission Statement

This function encompasses personnel administration and management including policy determination for employment and placement of employees; position classification, salary and wage administration; industrial training; employee training and management development; liaison with the U. S. Office of Personnel Management, and logistical support of the joint personnel policy program and central examining office.

This function includes such major activities as:

Joint personnel policy program - Responsible for performing central recruiting and examining functions for participating Federal agencies in the Panama Canal area on a reimbursable basis.

Personnel administration - Administering the personnel function of the Commission, including personnel policy development; employment and placement of job applicants; position classification, incentive awards, insurance and retirement programs; employee records management; and other employee services.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Personnel Administration

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$4,245	$4,367	$4,456
Supplies and materials	88	98	101
Other direct costs	129	147	151
Commission maintenance services	34	44	47
Total operating expenses	$4,496	$4,656	$4,755
Analysis of projected increase/-decrease			
Total cost escalation		$91	$113
Program/workload requirements:			
Payroll and related		39	-16
Other expenses		30	2
Total program/workload requirements		69	-14
Projected increase/-decrease		$160	$99

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Inspector General

Mission statement

The Office of Inspector General provides liaison with other Federal Offices of Inspector General, the coordinating conference of the President's council on integrity and efficiency and the U.S. General Accounting Office on all matters concerning inspector general operations.

The OIG is established as a separate office under the provisions of the Inspector General Act of 1978, as amended by the Inspector General Act Amendments of 1988. The head of the OIG is the Inspector General who reports directly to and is under the general supervision of the Chairman, Board of Directors. The inspector general activity is responsible for conducting comprehensive audits and investigations of Commission accounts, programs and operations; recommending policies for promoting economy and efficiency, and preventing and detecting fraud, waste and abuse; and maintaining liaison with the General Accounting Office.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Inspector General

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related	$1,151	$1,405	$1,476
Supplies and materials	10	12	12
Other direct costs	39	82	76
Commission maintenance services		3	3
Total operating expenses	$1,200	$1,502	$1,567
Analysis of projected increase/-decrease			
Total cost escalation		$24	$36
Program/workload requirements:			
Payroll and related		232	38
Other expenses		46	-9
Total program/workload requirements		278	29
Projected increase/-decrease		$302	$65

Explanation of program/workload requirements

FY 1993 to FY 1994
The increase in payroll and related costs is mainly due to the addition of two Criminal Investigator positions and the full-year effect of Auditor positions occupied only part of FY 1993.

FY 1994 to FY 1995
The increase in payroll and related costs is principally the full year cost effect of Criminal Investigator and Administrative Specialist positions filled in FY 1994, and the promotion of Auditors reaching their target grade level.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Employment Costs

Mission Statement

Employment costs of the Commission that are general in nature and not identifiable with other specific activities. Included are provisions for reimbursement to Department of Defense for education and health care services, the Commission's share of premium costs for employees' health benefits insurance, employees' home leave travel, certain other statutory employment costs, and an equity adjustment additive.

Included in this function are:

Employer's contribution to FICA, Medicare, and FEGLI - Represents the Commission's contribution to Federal Insurance Compensation Act, Medicare, and the Federal Employees' Group Life Insurance.

Employer's contribution to the Federal Employees Health Benefit Act (FEHBA) and Panama Social Security (PSS) - Represents the Commission's share of employees' health insurance premium under FEHBA and payments to PSS for certain health and maternity benefits.

FERS and equity adjustment additive -Includes the Commission's contribution to FERS and TSP. In addition, payments associated with the increased cost-of-living for employees who lost military sales store and exchange privileges (equity adjustment additive).

Reimbursement to the Department of Defense (DOD) for education and health care services - Commission's cost for education services and health care provided to eligible Commission employees, their dependents, and certain other personnel.

Other employment costs - The Commissions unemployment costs.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Under Limitation)
Employment Costs

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related:			
Employer's contribution to:			
FICA and medicare	$1,008	$990	$880
FEGLI	231	240	230
FEHBA and PSS	7,067	6,900	6,650
FERS	142	130	120
Equity adjustment additive	131	110	95
Other direct costs:			
Reimbursement to DOD for education and health care services	4,835	5,058	5,158
Other employment costs	6	14	16
Total operating expenses	$13,420	$13,442	$13,149

Analysis of projected increase/-decrease

	FY 1994	FY 1995
Total cost escalation	$623	$706
Program/workload requirements:		
Payroll and related	-419	-690
Other direct costs	-182	-309
Total program/workload requirements	-601	-999
Projected increase/-decrease	$22	$-293

Explanation of program/workload requirements

FY 1993 to FY 1994
The reductions in payroll and related and other direct costs reflect workload decreases in FICA, FEGLI, education and health sponsorship, and FEHBA due to the declining population and attrition of Commission U.S. citizen employees.

FY 1994 to FY 1995
The reductions in payroll and related and other direct costs reflect workload decreases in FICA, FEGLI, education and health sponsorship, and FEHBA due to the declining population and attrition of Commission U.S. citizen employees.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Not Under Limitation)

Cost of Early Retirement Benefits

Mission Statement

Provides for the Commission's cost for amortizing the cost for the special retirement provision, as described in Subchapter IV of the Panama Canal Act of 1979, Public Law 96-70. The estimate is provided by the Office of Personnel Management and is calculated on a "dynamic" basis considering future wage increases and cost-of-living increases in retirement annuities.

Interest Expense

Mission Statement

This represents the interest expense on the U. S. Government's net direct investment in the Panama Canal Commission.

The Panama Canal Commission is required to include as a part of its operating cost the interest expense on the U.S. Government's net direct investment in the Panama Canal. The method for calculating interest expense is described in Section 1603 of the Panama Canal Act of 1979, Public Law 96-70 as amended by Public Law 99-195 and Public Law 100-102. The rate used for determining the interest is the average coupon rate on outstanding marketable Treasury bonds in July of each year for the subsequent fiscal year.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Not Under Limitation)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Cost of early retirement benefits			
Other direct costs	$15,144	$15,144	$15,144
Interest expense			
Other direct costs	$10,486	$7,862	$7,500
Average interest-bearing investment	108,992	83,728	81,006
Interest rate percentage	9.621%	9.390%	9.252%

PANAMA CANAL COMMISSION
Administrative and General Expenses (Not Under Limitation)
Other General Expenses

Mission Statement

Expenses in this category represent certain general expenses not assignable to other activities.

Included in this area are such major activities as:

Compensation benefits for work injuries - This expense provides for compensation to certain employees for death and disability resulting from performance on duty injuries or illness under the Federal Employees' Compensation Act (FECA). Employees covered are principally U.S. citizens and those non-U.S. citizens hired prior to October 1, 1979. As provided by law, employees and certain dependents are beneficiaries for various periods than can extend to life. The amounts charged to expense are deposited to a Department of Labor fund to provide for all future beneficiary payments.

Personnel development program - Responsible for assessing overall training needs; developing and administering management and supervisory training programs; and operating an industrial training school for apprentices. Special emphasis is placed on the need for training that will contribute to increased participation of Panamanians in all areas and at all levels of the Commission's work force.

Incentive award payments - Costs associated with the employee recognition program which is designed to motivate and reward employee excellence through performance, suggestions and career service awards.

DR and DRW annuities - Cash pension payments to former non-U.S. citizen employees of the Panama Canal who separated prior to October 1958 and therefore were not covered under the Civil Service Retirement System. Payments also include widows' benefits and periodic cost-of-living adjustments. Formerly under Alien cash relief payments and related costs.

DR and CSA Medical - Home Health Care Program for eligible individuals, their widows and dependents in the following categories: (1) Disability relief annuitants; (2) Civil Service annuitants (U.S. citizens retired before July 1960 and non-U.S. citizens before November 1, 1970). Also includes limited home medical care for former non-U.S. citizens employees of the Panama Canal who separated prior to October 1958 and therefore were not covered under the Civil Service Retirement System. The Home Health Care Program includes outpatient clinic; mobile clinic; home visit; pay line clinic; specialty clinic; and inpatient hospital services.

Home leave/repatriation/employee vehicles - Represents the cost of home leave, education travel, employee repatriation, and the shipment of employee vehicles as authorized.

All other direct costs - All other Commission miscellaneous expenses.

Amortization of capital contribution - The credit for depreciation related to assets purchased with capital contribution.

PANAMA CANAL COMMISSION
Administrative and General Expenses (Not Under Limitation)
Other General Expenses

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
	(Dollars in thousands)		
Operating expenses:			
Payroll and related:			
Compensation benefits for work injuries	$13,000	$12,000	12,000
Personnel development program	1,605	1,854	1,887
Incentive award payments	2,182	2,277	2,316
Supplies and materials	85	134	139
Other direct costs:			
DR and DRW annuities	3,394	615	565
DR and CSA medical	5,733	5,239	5,123
Personnel development program	1,911	2,228	2,331
Home leave/repatriation/employee vehicles...	1,137	2,679	2,726
Other direct costs	30	158	284
Commission maintenance services	92	93	98
Amortization of capital contribution	-4,837	-5,039	-5,386
Depreciation	414	416	416
Other non-fund	-254	-267	-783
Total operating expenses	$24,492	$22,387	$21,716

Analysis of projected increase/-decrease	FY 1994	FY 1995
Total cost escalation	$185	$237
Program/workload requirements:		
Other expenses	-2,290	-908
Total program/workload requirements	-2,290	-908
Projected increase/-decrease	$-2,105	$-671

Explanation of program/workload requirements

FY 1993 to FY 1994
The decrease in other expenses is mainly due to a recalculation of the actuarial liability based on the latest information on work injuries, and adjusted incentive awards payments. All other changes are principally decreases in cash relief payments to former employees and in health sponsorship costs savings, which resulted from the transfer of the health care program from Gorgas Hospital to San Fernando Clinic.

FY 1994 to FY 1995
The reduction in other expenses is primarily due to attrition of eligible former employees and the declining population of the Commission's U.S. citizen employees eligible for repatriation.

PANAMA CANAL COMMISSION
FY 1995 Capital Program Detail
(Dollars in thousands)

(Obligational Basis)	Project Total
I. **Transit Projects**	
A. Transit equipment:	
1. Floating equipment	$ 3,139
2. Other transit equipment	6,139
Total transit equipment	9,278
B. Transit facilities:	
1. Cut widening/straightening	9,888
2. Locomotive turntable, locks	3,108
3. Switchgear in transformers room, locks	2,301
4. Power feed cables, locks	1,908
5. Other transit facilities	2,739
Total transit facilities	19,944
Total transit projects	29,222
II. **Utilities Projects**	
A. Utility systems:	
1. Electrical power and communication system	4,536
2. Water system	802
Total utilities projects	5,338
III. **General Support Projects**	
A. General support equipment:	
1. Motor vehicles	3,198
2. Other general support equipment	1,568
Total general support equipment	4,766
B. Commission buildings and supporting facilities:	
Supporting services facilities	37
C. Other miscellaneous general support projects:	
1. Minor capital items	231
2. Advance engineering, planning and design	406
Total other miscellaneous support projects	637
Total general support projects	5,440
Total FY 1995 Capital Program	$40,000

PANAMA CANAL COMMISSION
FY 1995 Capital Program Justifications
(Dollars in thousands)

I. TRANSIT PROJECTS

Floating Equipment - This recurring project provides for the replacement of that portion of the Panama Canal Commission's floating equipment fleet which has reached the end of, or exceeded, its economical service life and is costly to maintain. This equipment, such as launches, barges, buoys and pontoon cylinders, is essential to provide safe and efficient transit capability and also provide support to the ongoing maintenance of the channel.

Replacement Launches	$2,291
Diesel and gas engines	318
Power spuds for crane GOLIATH	530
	$3,139

Other Transit Equipment - This recurring project provides for the purchase and installation of tools and equipment required for the safe and efficient operation of the Canal. Other transit equipment requirements:

Marine Director's Office Units (Pilot radios and office computer equipment)	$ 888
Locks Division (locomotive jacks, rowboats, and minor tools and equipment)	165
Canal Services Division (tug fire monitors, and minor tools and equipment)	95
Traffic Management Division (miscellaneous projects)	53
Canal Services Division (tug monitors)	74

Maintenance and repair operations requirements:

Industrial Division (hydraulic truck crane, travel-lifts, horizontal boring mill, forklifts, welding equipment, miscellaneous equipment, marine hydraulic crane, and a high pressure compressor)	1,487
Dredging Division (outboard motors, crane on a launch, 25-ton locomotive yard crane, and miscellaneous equipment)	1,151
Engineering Division (telemetering system, outboard motors, workboats, seismograph, radar and satellite equipment, peripherals, computer equipment, inclinometer, miscellaneous equipment, depth recorder, water management workstation, and computer equipment)	837
Maintenance Division (small portable equipment, 30-ton crane, pumps, skid mounted fuel truck equipment, and miscellaneous equipment)	599
Electrical Division (armature shop equipment, and miscellaneous equipment)	127

Other transit operations requirements:

Canal installations (security hardware/equipment)	393

PANAMA CANAL COMMISSION
FY 1995 Capital Program Justifications
(Dollars in thousands)

General Services (the replacement of breathing air system, hazardous materials respond equipment, fire control equipment, emergency incident management equipment, rider mowers, and ULV fogging machine)	270
	$6,139

Gaillard cut widening/straightening	
Dry excavation	$8,138
Dredging/wet excavation	1,750
	$9,888

This multi-year nonrecurring project will provide additional capacity for the Canal that will ensure a future of quality transit service to the customers of the waterway. Over time, traffic growth, especially in the category of wide-beam vessels, will continue to compress the reserve capacity margin required to keep Canal water times within the standard of 24 hours or less. Unless the cut is widened by sometime late in the first decade beyond the year 2000, the average Canal water time standard of 24 hours will not be sustainable. Presently wide-beam vessels are restricted to one-way traffic through the narrow 500-foot wide Gaillard Cut which reduces the throughput capacity of the Canal. Hydrodynamic testing and simulation modeling has shown that widening to 630 feet (and up to 730 in curves) will permit wide-beam vessels to travel north and southbound simultaneously without sacrificing safety and placing the vessels in jeopardy. Widening will entail the removal of approximately 23 millions bank cubic yards of dry material and 12 million bank cubic yards of wet material. The approach to the widening is based on utilizing existing Canal dredging resources on a flexible "do-what-you-are-able" basis for the wet work spread over a 20-year excavation period starting in FY 1994. Preliminary dry excavation, also to be accomplished over a 20-year period, and certain equipment acquisitions was initiated in FY 1992. This must be done ahead of the wet work and maintain some lead throughout the life of the project. Final work on the project and required relocation of facilities displaced by the excavation will occur in 2014. FY 1995 funding will provide for the completion of the dry excavation at the West Side of the Northern sector and the continuation of the wet excavation to be started in FY 1994.

Locomotive Turntable - Locks	$3,108

This nonrecurring multi - year project provides for the installation of flush-mounted turntable at the north approach wall extreme at Pedro Miguel Locks. The turntable has already been procured and it is ready for installation. The existing elevated type Pedro Miguel Locks north turntable, like those replaced at the other locks, was constructed primary because of funding limitations prevailing at the time. These earlier turntables resulted in sections of tow track, over 200 feet, being blocked off and not available for use by towing locomotives. As a result, vessels greater than 750 feet in length are not assisted by stern locomotive until after the ship's bow has moved past the wing wall knuckle and into the lock chamber. Without such assistance by locomotives, vessels are susceptible to damage from striking and/or rubbing the locks knuckles and walls. This project eliminates the only remaining elevated type turntable and provides a flush mounted turntable with better controls that allows for additional locomotive running distance to the end of center wall. The project will encompass the demolition and replacement of existing north approach wall structure using new steel-track beams, more adequate to resist the loads imposed by the locomotive towing over the turntable.

Switchgear in Transformer Rooms - All Locks	$2,301

The machinery and track switchgear lineups were installed in 1954 and 1965 respectively. Both are of the "General Purpose", type construction, which is unsuitable for the humid and dusty environment of Locks tunnels. The normal environment in the Locks tunnels has deteriorated the switchgear beyond economical repairs, increasing the risk of electrical fires to an undesirable level. Prolonged lockage delays, extensive damage to property and injury to personnel are likely consequences of switchgear failure and their consequent fires.

This project will meet locks requirements by replacing all machinery and track rooms switchgear lineups with new metalclad low voltage switchgear. The switchgear will be provided with hardware for complete supervision and data logging of all functions for a complete integrated remote control and supervision system. The track rooms switchgear will be replaced in FY 95 through FY 97, and the machinery rooms switchgear in FY 98 through FY 2000. The order of replacements will be Pedro Miguel, Miraflores and Gatun respectively. FY 1995 funding required is for $2,301 and will provide for the replacement of track room switchgear at Pedro Miguel Locks.

Power feed Cables, Locks	$1,908

This non-recurring multi-year project provides for the replacement of the primary power feed cables and the associated sectionalizing switches at the three locks. The power feed cables, which are forty years old and beginning to deteriorate, provide the primary electrical energy feed to all locks equipment through step-down transformers.

Test performed in FY 1991 by the Electrical Division on the primary power feed cables indicate that cable insulation is beginning to fail and that plans should be made for their timely replacement. Failure of the power feed cables would result in prolonged outages at the locks which will seriously affect the Canal's ability to service transiting vessels.

FY 1995 funding required of $1,908 will provide for the replacement of the 2.4KV System at Pedro Miguel and Gatun Locks. With the completion of this phase, the project to replace power feed cables at the locks will be concluded.

Other Transit Facilities - This recurring project provides for the rehabilitation, repair, replacement, improvement and addition to transit facilities of the Panama Canal Commission. These facilities support the transit function to insure the safe and efficient transit of vessels and effective support of all maintenance operations.

PANAMA CANAL COMMISSION
FY 1995 Capital Program Justifications
(Dollars in thousands)

Marine Operations:	
Locks Division (rebuild linehandler shelter, addition of locomotive shed/pit, and miscellaneous improvements)	$ 711
Canal Services Division (install supply to Miraflores oil fuel tank)	212
Marine Director's Office Units (miscellaneous improvements)	104
Traffic Management Division (miscellaneous improvements)	80
Maintenance and repair projects:	
Industrial Division (addition of an environmental control system for drydock, addition of work sheds and storage area, and relocation painting & storage area)	476
Dredging Division (industrial area lighting phase II, rehabilitation of the oil pollution recovery tank, and the addition of a lumber open shelter facility, lunch room, equipment storage shed extension, and replacement of Beacon No. 24)	346
Maintenance Division (replacement of central air conditioning units)	14
General services operations:	
General Services Bureau (the addition of facility for sanitation and grounds crew, and a new marine live-fire training equipment simulator)	796
	$2,739

II. UTILITIES PROJECTS

This recurring project provides funding for the electrical power and communication systems of the Panama Canal Commission. The electrical power system items procured under this project will insure power transmission integrity, versatility and dependability in addition to reducing possible equipment failure due to overload conditions. The equipment is needed to serve high-peak demand and correct poor and potential overloads conditions in the high and low voltage system networks. Equipment procurement for the communications system will consolidate existing systems to permit the required separation of non-Commission subscribers, provide greater efficiency, reliability and versatility to the Commission system, and reduce requirements for maintenance and repair.

Electrical power and communication system requirements:	
Replacement of 2.4KV switchgear at Balboa	$1,133
Replacement of Miraflores and Balboa 44KV oil circuit brakers	650
Replacement of Balboa 2.4KV transformer	758
Consolidate network control equipment, electrical distribution system equipment	165
Radio system equipment, microwave equipment	424
Data communication equipment, fiber optic equipment	313
Telephone system equipment, miscellaneous communications equipment	281
Electronics test equipment, satellite communications	234
Power system & substation equipment	212
Miscellaneous control/relay testing equipment, tools and equipment	260

PANAMA CANAL COMMISSION
FY 1995 Capital Program Justifications
(Dollars in thousands)

Addition of a power substation and battery test equipment	106
	$4,536

Water Systems - This recurring project provides funding for the water purification plants, pump stations, distribution pipelines and the chilled water air conditioning system of the commission's water utilities.

Water system requirements:

Replacement of alum solution storage facility	$ 378
Replacement of valves, meters and surge suppressor	212
Miscellaneous water and lab equipment	212
	$ 802

III. GENERAL SUPPORT PROJECTS

Motor Vehicles	$ 3,198

This recurring project provides for the replacement of overage motor vehicles which have reached the end of their economic service life. Funding for FY 1995 provides for the purchase of 43 passenger vehicles (including 20 large heavy duty sedans, 20 compact sedans, 2 station wagons, and 1 ambulance for replacement only) and 105 nonpassenger-carrying vehicles (including light, medium and heavy trucks). Large heavy-duty sedans are required for trans-Isthmian transportation of the pilot force. The new vehicles will be essentially of the same type, size and capacity as those being replaced and will be manufactured in the United States. All vehicles being replaced will exceed the age and/or milage standards prescribed by the General Services Administration (GSA) (CFR 48:101-38.402) at the time of replacement.

Other General Support Equipment - This recurring project provides for the procurement of small plant and equipment items that have reached the end of their serviceable life and are no longer economical to maintain.

General Services Bureau:	
Motor Transportation Division (replacement of 8.5-ton mobil crane, upgrade the LAN system, and other miscellaneous projects)	$ 164
Facility Management and Support Division (central air conditioning chillers/components, and intrusion alarm systems)	128
Logistical Support Division (forklift trucks)	105
Printing Office (miscellaneous equipment)	27
Office of Staff units:	
Financial Management (computer equipment, emergency support equipment, security systems and equipment, and miscellaneous equipment)	533
Personnel Administration (Apprentice School, Health, Safety, and Training operations equipment)	304
Public Affairs (graphic and video presentation equipment and systems)	189
Executive Administration (office automation, electronic identification card, and miscellaneous equipment)	96
Administrator (office equipment)	22
	$1,568

PANAMA CANAL COMMISSION
FY 1995 Capital Program Justifications
(Dollars in thousands)

Commission Buildings and Facilities

Supporting Services Facilities . . . . $ 37

This recurring project provides the rehabilitation, repair, replacement and improvements of support service facilities necessary for the support of the Canal operations. FY 1995 requirements provide for improvements in the fire protection system at the fuel service stations of the Motor Transportation Division.

Other Miscellaneous General Support Projects

Minor Capital Items . . . . $ 231

This item provides the Staff units with a source of funds for additions and replacements projects which are unforeseen and/or too small to warrant separate listings and justifications. Approval of the Administrator and/or Canal Improvements Director is required for funding a project with this item.

Advance Engineering, Planning, and Design . . . . $ 406

This project provides an authorization to be used for engineering, planning and design work on projects included, or to be included, in the Commission's capital program for subsequent fiscal years. This allows the detailed design effort, normally achieved in-house, to be completed in advance on projects selected for accomplishment so as permit their timely advertisement, award and completion.

TUESDAY, MARCH 22, 1994.

U.S. COAST GUARD

WITNESSES

GENERAL ACCOUNTING OFFICE

ALLEN LI, ASSOCIATE DIRECTOR, TRANSPORTATION ISSUES
ALAN BENNETT
STEVE GAZDA
EMI NAKAMURA

U.S. COAST GUARD

ADMIRAL J. WILLIAM KIME, COMMANDANT, U.S. COAST GUARD
LOUISE FRANKEL STOLL, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, OFFICE OF THE SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION
CAPTAIN THOMAS H. COLLINS, CHIEF, PROGRAMS DIVISION, U.S. COAST GUARD
CAPTAIN TERRY M. CROSS, CHIEF, BUDGET DIVISION, U.S. COAST GUARD

GAO OPENING REMARKS

Mr. CARR. Good morning. The Committee will come to order. Today we are going to discuss the budget for the Coast Guard.

The total budget request for the Coast Guard in 1995 is more than $3.7 billion, reflecting a net increase of about $125 million above the current level. These totals, however, mask changes in virtually hundreds of individual programs and activities. During the hearing we will explore many of these issues and the decisions that are reflected in the budget request.

But before we hear from the Commandant, however, we have some folks from the General Accounting Office to help us frame some of the issues. You have let Ken Mead have a day off, Alan; is that it?

Mr. LI. Yes.

Mr. CARR. We are glad to have here, Allen Li, who is the Associate Director of Transportation Issues. We are going to put your statement in the record, so if you would like to summarize your remarks, we would be pleased to hear from you now. Before proceeding, you might introduce your colleagues at the witness table.

OPERATING EXPENSES

Mr. LI. Certainly, sir. My team is here today. We have worked on Coast Guard, as you know, for a few years—Emi Nakamura, Alan Bennett, and Steve Gazda—and at your request, we focused primarily on the way the Coast Guard justified its budget this year, specifically its operating expense account, also known as the OE account.

OE pays for such expenses as personnel salaries and operating and maintenance costs of aircraft and vessels. I will also follow up on two issues we reported on in the past, and that is the need to improve the RDT&E program and the importance of strong acquisition management.

I will make four points in my brief statement. First, for the past several years the OE budget format failed to adequately meet the needs of both House and Senate Appropriation Committees. Historically, the Coast Guard developed its OE budget request by taking the OE base and adding the OE increment. The base is the prior year's OE appropriation and the increment represents additions and/or reductions to specific program elements.

One problem, Mr. Chairman, has been that written justifications were only provided for the increment and none for the majority of the request. Another problem has been the Coast Guard's practice of presenting the request in terms of estimated future expenditures per broad mission category, such as search and rescue. The problem with this is that estimates by mission are based on what the Coast Guard thinks it will do rather than on the assets it operates.

Actual expenditures and mission categories can, and have, fluctuated widely due to unexpected natural and man-made events. For example, fiscal year 1992 marine environmental protection expenditures were 57 percent above estimates.

BUDGET JUSTIFICATIONS FORMAT

My second point, this year the Coast Guard has taken positive steps to improve its budget format and justification. Responding to the Subcommittee's guidance, the fiscal year 1995 OE budget justification format was revised. It now includes a description of the OE request in terms of all Coast Guard functions, assets, and their costs. For example, the request is now presented in terms of personnel compensation, cutters, and operations and support. The new format is included as an appendix to our prepared statement.

We see the new OE budget justification format as an important first step in improving the OE budgeting process. The new format allows the Subcommittee to analyze the individual components of the request rather than just the OE increment. In addition, the Subcommittee can now establish a baseline for reviewing the budgetary trends of the request and its components. The Coast Guard should build on its progress next year by following through with written justifications for these line items.

In addition to its budget format change during the past year, the Coast Guard has started to identify and quantify its actual operating costs and make management decisions on allocating funds based on this process. Known as the district budget model, it represents the first time that the Coast Guard has developed standard operating costs by function and asset type for the approximately $150 million in recurring operations and maintenance funds annually allocated to its 10 districts.

The working group that developed the model identified operating costs for almost 70 functions and assets that the Coast Guard viewed as driving virtually all costs within the district. For example, they identified the annual operating costs of a 110-foot patrol boat at about $78,000. In October of 1993, the Coast Guard Chief of Staff approved the working group's recommendation to adjust these districts' funding during fiscal year years 1994 and 1995 based on this model.

After the district budget model is completed, the next phase of the project will be to develop a model that standardizes allocations from districts to their respective field units. Once this field unit model is done, consideration will be given to modeling other segments of the Coast Guard.

ACCOUNTING SYSTEM DATA IMPROVEMENTS

My third point. The Coast Guard needs to improve the accuracy and completeness of the data in the accounting system. While we are encouraged by the direction of these format and modeling changes, we continue to emphasize the importance of having complete and accurate data upon which to make budgetary and management decisions. The Coast Guard acknowledges that it is not accurately recording expenditures for input into and tracking by the accounting system. Improperly used accounting codes make it difficult for the district budget officers to accurately reflect expenditures in the model. The Coast Guard has various ongoing projects to identify the problems with the accounting data and develop solutions to them.

In last year's testimony before this Subcommittee, we stated that the Coast Guard needed a better base of information about programs and activities. Collecting the right data was one factor we cited as being necessary for proper management and decision-making.

In this regard, one area where the Coast Guard appears to have made progress is assessing its requirements for small boat stations. In response to the deficiencies we identified in a prior report, the Coast Guard developed a new process for evaluating the need for station changes. Our ongoing work for the subcommittee shows that if applied correctly, this new evaluation process should provide the Coast Guard and the Congress with a reasonable basis for determining the appropriate number of stations and resources for those stations.

My fourth and last point. The Coast Guard is moving towards improving its management of research and development projects and strengthening its acquisition process. Several key activities are scheduled to be completed in the coming months, these include a long-range RDT&E plan and an acquisition process tied to the budget process.

Because improvements such as these will strengthen the efficiency and effectiveness of Coast Guard operations and use of budget resources, it is critical that Coast Guard leadership ensure continued progress in both of these areas.

This concludes our prepared statement. We will be pleased to answer any questions you may have at this time.

[The prepared statement of Allen Li follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Transportation and
Related Agencies
Committee on Appropriations,
House of Representatives

For Release on Delivery
Expected at
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COAST GUARD

Issues Related to the Fiscal Year 1995 Budget Request

Statement of Allen Li, Associate Director,
Transportation Issues,
Resources, Community, and Economic
Development Division

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify on the Coast Guard's fiscal year 1995 budget, focusing primarily on the status of the changes in its budgeting for operating expenses (OE). The OE account funds a variety of expenses, including salaries, training, and the operating and maintenance costs of Coast Guard aircraft, vessels, and shore facilities. For fiscal year 1995, the Coast Guard is requesting a total of $3.8 billion, including $2.6 billion for the OE account.

For the past 10 years, the Subcommittee and its Senate counterpart have repeatedly expressed their displeasure with the Coast Guard's failure to adequately justify the OE request. Following last year's budget hearings, you asked us to review the formulation of the OE budget and justification and provide our observations. At about the same time, the Subcommittee suggested an OE budget justification format to the Coast Guard that would address Subcommittee concerns. Our testimony today provides the status of the Coast Guard's actions to improve its budget process as well as our observations on these changes. In addition, we will provide observations on the Coast Guard's efforts aimed to establish a better defined research and development program and improvements in its management of acquisitions. We will focus on four main points:

-- The Subcommittee's OE concerns have centered on two issues. The first is the Coast Guard's focus on justifying incremental increases to the OE base[1] but not on what is funded in the OE base itself. As a result, detailed justification is provided for a very small amount of the requested funding and no justification is provided for most of the funding. For example, the fiscal year 1995 OE request is $2.6 billion of which $39 million (1.5 percent) is the OE increment. The second issue of concern is the Coast Guard's practice of presenting the request by estimated expenditures per broad mission category. Actual expenditures were found to sometimes fluctuate widely from the estimates. For example, fiscal year 1992 expenditures for Marine Environmental Protection were 57 percent above the estimates provided in the fiscal year 1992 budget request.

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[1] The OE base is defined as the prior fiscal year's OE appropriation.

-- The Coast Guard has taken steps to improve its budget format and justification. Responding to the Subcommittee's guidance, it has revised the OE budget justification format. The fiscal year 1995 OE budget justification is presented in terms of the totality of the Coast Guard's specific functions, assets, and their operating costs rather than estimates of future spending by broad mission categories. This approach will give the Subcommittee the opportunity to review in detail the complete OE request, not just the OE increment. Furthermore, this approach provides more realistic information than estimates of future spending by broad mission categories that are subject to fluctuation because of unexpected natural and man-made events. The Coast Guard's plans to include written justifications for line items in the fiscal year 1996 OE format will also be a critical step in improving the OE justifications.

The Coast Guard has also begun to improve its ability to account for its actual expenses by identifying and quantifying its actual operating costs. For the first time, the Coast Guard has developed standard operating costs by asset type for the $150 million in recurring operations and maintenance funds annually allocated to its

10 districts. For example, the annual operating cost of a 110-foot patrol boat is now identified as $78,000.

-- While we are encouraged by the direction of these OE account related changes, we believe that the integrity of the accounting system data needs to be improved for their successful implementation. It is essential that the accounting data upon which the budget is developed and executed are accurate, complete, and reliable. Currently, this does not appear to be the case. For example, Thirteenth District financial officials in Seattle estimate that a significant number of their transactions are incorrectly coded into the accounting system.

-- The Coast Guard is moving toward improving its management of research, development, test and evaluation (RDT&E) projects, as well as emphasizing the importance of rigorously managing the acquisition process. Several key activities are scheduled to be completed in the coming months, such as the issuance of a long-range RDT&E plan and the development of an acquisition process tied to the budget process. Because such improvements will strengthen the efficiency and effectiveness of the Coast Guard's operations and use of budgetary resources, it is critical that the Coast Guard leadership ensure continued progress in both of these areas.

Before I elaborate on these four points, I would like to provide some background on the Coast Guard's budget.

BACKGROUND

The Coast Guard's total budget has grown from $2.7 billion for fiscal year 1988 to $3.7 billion for fiscal year 1994. During this period, OE accounted for an average of 69 percent of the budget.

For fiscal year 1995, the Coast Guard is requesting total budget authority of $3.8 billion, including $2.6 billion for the OE account, $439 million for Acquisition, Construction and Improvements (AC&I), and $20 million for RDT&E.

Historically, the Coast Guard's OE budget request contained in the President's budget was developed by taking the OE base and adding the OE increment. The OE base represents the prior year's operating costs and the OE increment represents additions and/or reductions to specific program elements. For fiscal year 1995, the OE request is $2.6 billion, of which $39 million (1.5 percent) is the OE increment. However, because the Coast Guard provided the Subcommittee with written justifications only for the OE increment changes, the budget justification provides the Subcommittee with no justification for the large majority of the requested funding.

The President's budget request and justification materials also presented the Congress with the Coast Guard's estimates of total expenditures for each mission category (ice breaking, treaty enforcement, search and rescue, etc.). However, actual expenditures by mission categories fluctuated widely, ranging from as much as 57 percent above estimates for the fiscal year 1992 Marine Environmental Protection mission to 78 percent below estimates for the fiscal year 1987 Defense Readiness mission.[2]

ADOPTION OF A NEW OE BUDGET JUSTIFICATION FORMAT AND SELF-INITIATED BUDGETING IMPROVEMENTS

During our review, the Coast Guard adopted a revised OE budget format which it is using in the fiscal year 1995 budget justification (see app. I for the format). This new format moves toward better meeting the Subcommittee's needs as it presents in detail the total OE budget request, not just the OE increment. The format is divided into five Program, Project, or Activity groups:[3] Personnel Compensation, Benefits and Related Costs; Depot-Level Maintenance and Repair; Operations and Support; Recruiting and Training Support; and Coast Guard-Wide Centralized Services and Support. The groups are further subdivided into line items that represent categories of funding by function or asset--for example, military (pay), vessel maintenance, air stations, cutters, recruiting, and unemployment compensation.

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[2] Actual total obligations for fiscal years 1986-1992 ranged from three percent above estimates to seven percent below estimates.

We view structuring the OE budget justification format on the basis of line items that represent the functions the Coast Guard performs and the assets it operates as an important first step in improving the OE budgeting process. Overall, the format presents the OE request in a clearer, more descriptive form. This approach gives the Subcommittee the opportunity to (1) review the complete OE request rather than just the OE increment as was the case with previous justifications; (2) review the individual components of the request; and (3) establish a baseline for reviewing the budgetary trends of the request and its components. We view the Coast Guard's plans to include written justifications for these line items in the fiscal year 1996 OE format as a critical step in improving the OE budget justification and meeting Congressional needs. Moreover, we believe that structuring the request around these function and asset line items that are based on quantifiable operating cost data provides much more useful information upon which to make and implement funding decisions than the prior practice. In the past, the Coast Guard provided estimates of expenditures by broad missions, which, due to unexpected natural and man-made events, suffered from wide fluctuations between estimates and actual expenditures.

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[3] A Program, Project, or Activity is an element within a budget account.

During the past year, the Coast Guard has been involved in an initiative to identify and quantify its actual operating costs and make management decisions based on this process. Known as the District Budget Model, it represents the first time that the Coast Guard has developed standard operating costs by asset type for the approximately $150 million[4] in recurring operations and maintenance funds annually allocated to its 10 districts.

The working group that developed the model identified operating costs for almost 70 functions or assets that the Coast Guard viewed as driving virtually all costs within a district. For example, the group identified annual operating costs of $78,000 for a 110-foot patrol boat and about $145,000 for an HH-60 helicopter. Among the functions and assets modeled were all district managed boats and aircraft; shore/grounds maintenance; and personnel support such as travel, office supplies, and housekeeping. As this was the first time that the modeling was performed, some adjustments to the data were made to compensate for this and to account for possible inaccuracies in the accounting data. Following these adjustments, the working group concluded that redistributing of funds in five districts was justified. The redistribution ranged from increasing the First District's funding by $2.4 million to reducing the Eighth District's funding by $1.1 million. In October 1993, the Coast Guard Chief of Staff approved the working group's recommendation to adjust these districts' funding during fiscal years 1994 and 1995. The working group also recommended various actions to improve the data base, including identifying and assigning object class codes[5] to each asset category in the budget model in order "to verify the accuracy of each standard."

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[4] For fiscal year 1993, operations and maintenance comprised about $600 million of the almost $2.6 billion OE account.

[5] Object classification is a uniform classification identifying the obligations of the federal government by the types of goods and services purchased (such as personnel compensation, supplies and materials, and equipment) without regard to the agency (continued...)

With the completion of the District Budget Model that allows Coast Guard headquarters to allocate funds to the districts, the next phase of the project is to develop a model that standardizes allocations from the districts to their respective field units. Currently, five districts use nonstandard local models to do this and the remainder use other methods. For example, District 13 officials advised us that use of its model has helped restore a sense of credibility to the allocation process for field units that previously was often viewed as unfair, inequitable, or a waste of time. Once the field unit model has been developed, consideration will be given to modeling other segments of the Coast Guard.

ACCURACY AND COMPLETENESS OF ACCOUNTING DATA NEED IMPROVEMENT

While we are encouraged by the direction of these budgetary changes, we continue to emphasize the importance of having complete and accurate data upon which to make budgetary and management decisions. As we noted previously, one recommendation of the District Budget Model working group was that specific object class codes as defined by the Coast Guard Finance Center should be identified and assigned to each of the model's asset categories in order to verify the accuracy of their operating costs. We agree

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[5] (...continued) involved or the purpose of the programs for which they are used. The Coast Guard's Finance Center Standard Operating Procedures Manual has made further subdivisions within the standard object classes by defining them as a "4 digit code that defines what the funds were spent to procure. Object classes should be assigned carefully to each procurement. They are the basic building blocks of a spending plan, answering the question, 'How did you spend your money?'" For example, object class code 2623 Energy - Aircraft Fuel - HH60J is the code charged for aircraft fuel purchased for HH-60J helicopters.

with this recommendation and support the Coast Guard's efforts to perform a similar exercise for the individual function or asset categories in the revised OE budget justification format. A second reason for stressing this point is that function or asset-based budgeting is new to and untested in the Coast Guard. The District Budget Model's working group noted this in connection with the difficulties and complexities of developing the model.

Once it has been determined what data to collect and which elements of the accounting system capture these operating costs, the final step in this function or asset-based process is to accurately record expenditures for input into and tracking by the accounting system. This is a problem that was encountered by the District Budget Model working group. Its report noted that the accuracy of the Coast Guard's accounting data was suspect, which affects the accuracy of the model's standard costs. The primary concern was that object class codes were being improperly used, thus making it difficult for the districts' budget officers to accurately reflect the expenditures in the model. The report also noted that the Coast Guard had various ongoing projects to identify the problems in the accounting system and develop solutions to them.

We found similar data accuracy problems in our work in the Thirteenth District, which raises concerns about the integrity of the accounting system data. For example:

-- The District's financial officials believe there are too many object class codes, which makes it difficult to decide which code to charge. Furthermore, in some cases the code definitions overlap, making it difficult to ensure their consistent application. For example, two different codes cover the maintenance and repair of vehicles.[6] As a result, officials said they lacked confidence in the accuracy of object class coding beyond the general categories.

-- While purchases of items using credit cards accounts for less than two percent of the total OE budget, they can constitute a major part of purchases at the district level. For example, credit card purchases account for about one quarter of the Thirteenth District's $10 million in base level expenditures. Due to the limited number of cards issued coupled with not restricting their usage to only the card's assigned object class codes, District officials said that many OE expenditures do not reflect the correct codes. They believe that current credit card practices produce many coding errors. They estimate that about 50 percent of credit card transactions, accounting for 20 to 25 percent of the dollar value of credit card purchases, have incorrect codes.

-- Correcting the errors identified in the accounting system is time-consuming. As a result, the district's officials said they only correct substantial errors--about half the errors they detect. While this amounts to less than 1 percent of the district's transactions, officials are concerned about having a burdensome system that contributes to data integrity problems.

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[6] The following is an example of what was viewed as overlapping definitions. Object Class Code 2540 Maintenance and Repair - Shore Units covers maintenance and repair of shore structures, and equipment and vehicles attached to shore structures. Object Class Code 2543 Maintenance and Repair - Vehicles and Heavy Equipment covers maintenance and repair of automobiles, operating equipment, and heavy equipment; and, lubricants, assemblies, repair parts, materials, supplies, oil, tire repair, etc.

In last year's testimony,[7] we stated that the Coast Guard needed a more adequate base of information about programs and activities. Collecting the right data was one factor we cited as being necessary for proper management and decision making. We noted that until the Coast Guard improved its base of information on all programs, it would continue to experience problems, including those resulting from inaccurate or incomplete data. While the Coast Guard is aware of and working to correct this situation, we believe its resolution is even more important, given the budgetary actions currently being taken by the Coast Guard.

One area where the Coast Guard appears to have made progress is assessing its requirements for small boat stations. In response to the deficiencies noted in our 1990 report,[8] the Coast Guard developed a new process for evaluating the need for station changes.[9] Based on ongoing work, we believe that if applied correctly this new evaluation process (including the use of the most up-to-date information) should provide the Coast Guard and the Congress with a reasonable basis for determining the appropriate number of stations and the appropriate resources for those stations. Using its new evaluation process, Coast Guard officials have completed a comprehensive analysis of small boat stations and are now preparing a list of proposed station changes.

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[7] Coast Guard: Improvement Needed in Management of Programs and Activities (GAO/T-RCED-93-28, Apr. 20, 1993).

[8] Coast Guard: Better Process Needed to Justify Closing Search and Rescue Stations (GAO/RCED-90-98, Mar. 6, 1990).

[9] A station "change" is defined to include the establishment, consolidation, closure, downgrade, or upgrade of a station.

EFFORTS TO STRENGTHEN COAST GUARD RDT&E AND ACQUISITION MANAGEMENT

Key to the Coast Guard's ability to meet its diverse missions effectively and efficiently is the development of management tools and techniques for projects in its RDT&E and AC&I accounts. While progress has been made in the management of both these areas, implementation of planned improvements must be followed through.

RDT&E Project Definition and Long-range Planning

Last year, we reported on weaknesses in the Coast Guard's RDT&E program.[10] We stated that the Coast Guard lacked, among other things, (1) a clear definition of what constitutes an RDT&E project and (2) an RDT&E plan that establishes priorities agency-wide or that links proposed and ongoing RDT&E projects to the Coast Guard's missions.

Without a clear definition of RDT&E, the Congress and the Coast Guard cannot be assured that funds are being used for projects that are truly RDT&E. Also, absent a long-range plan, the Coast Guard cannot ensure that limited RDT&E funds are meeting its most urgent needs. In response to our recommendations, the Coast Guard has initiated the following actions, which it expects to complete during this fiscal year:

-- Development of a clearer definition of RDT&E.

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[10] Coast Guard: Management of the Research, Development, Test and Evaluation Program Needs Strengthening (GAO/RCED-93-157, May 25, 1993).

- Development of a long-range RDT&E plan that is fully integrated with the Coast Guard long-range planning process.

- Development of measures of effectiveness for the RDT&E projects.

Acquisition Management

At about $440 million, the Coast Guard's fiscal year 1995 request for the AC&I account represents an increase of over $130 million over the amount enacted in fiscal year 1994. Last year, we testified that, despite improvements, such as in the training of acquisition project managers, weaknesses in the Coast Guard's acquisition process still needed to be addressed. In particular, we emphasized the need for the Coast Guard to reinforce to its senior staff the importance of adhering to a rigorous acquisition process. However, the Coast Guard's acquisition process remains among the Office of Management and Budget's List of High Risk Areas, which indicates that this area requires continued attention.[11] The Coast Guard plans to continue its corrective actions, such as implement a process that will provide sufficient quantitative and qualitative analysis to better support acquisition activities and link the process to the budget.

CONCLUSIONS

Following years of Subcommittee displeasure with the inadequacy of the Coast Guard's OE budget justifications, the Coast

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[11] The High Risk Program focuses attention and resources on eliminating major risks confronting Federal agencies and programs. High risk areas are those weaknesses that warrant top-level attention at the agency by the Congress. The Office of Management and Budget compiles the List and publishes it in the President's Budget in order to assure attention to these matters and to provide a tool for public accountability.

Guard has taken actions to improve this and other aspects of its budget process. We support these improvements, both those that are self-initiated and those responding to the Subcommittee's guidance. We agree with the concept that the Coast Guard's OE budget justification and resulting funding decisions (such as the district funds' redistribution) should be structured around the functions the Coast Guard performs, the assets it operates, and their respective operating costs. While we are encouraged by the direction of these changes, we view them as first steps that are subject to further evolution and refinement. For example, we view the Coast Guard's plans to include written justifications for line items in the fiscal year 1996 OE format as a critical step in improving the OE budget justification.

Furthermore, we continue to emphasize the importance of having accurate, complete and reliable data upon which to make budgetary and management decisions. Inherent to the function and asset based budgeting concept that the Coast Guard has adopted is that operating costs are accurately recorded and verified within the accounting system. Overall, we believe this concept is especially well suited to the Coast Guard, given its multimission use of assets and the unreliability of estimating future mission expenditures. As such, we support ongoing Coast Guard actions to improve the integrity of the accounting system data that supports this concept. We also support the actions the Coast Guard is taking to improve its management of RDT&E and AC&I projects.

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This concludes our prepared remarks, Mr. Chairman. We will be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES APPROPRIATION BUDGET DETAIL
(dollars in thousands)

Program, Project and Activity (PPA)	FY 1993 Budgeted Level	FY 1994 Budgeted Level	FY 1995 Increment	FY 1995 Budgeted Level
I. Personnel Compensation, Benefits and Related Costs:				
- Military	1,200,714	1,228,445	9,835	1,238,280
- Civilian	165,418	167,853	774	168,627
- Medical Care and Equipment	109,344	114,493	8,178	122,671
- Permanent Change of Station (PCS) - Related Travel and Transportation	58,268	55,659	2,287	57,946
Subtotal PPA I.	1,533,744	1,566,450	21,074	1,587,524
II. Depot-level Maintenance and Repair:				
- Aeronautical Maintenance	137,994	138,120	2,927	141,047
- Electronics Maintenance	35,284	34,788	420	35,208
- Civil Engineering and Shore Facility Maintenance	92,970	91,577	1,781	93,358
- Vessel Maintenance	94,707	93,153	1,225	94,378
Subtotal PPA II.	360,955	357,638	6,353	363,991
III. Opeations and Support:				
- Area Operations and Support:				
- Area Offices	25,885	26,804	501	27,305
- Maintenance and Logistics Commands (MLC)	107,187	109,863	2,901	112,764
- Cutters:				
- Polar Class Icebreakers(WAGB)	2,212	2,276	48	2,324
- High Endurance Cutters(WHEC)	11,685	12,024	253	12,277
- Medium Endurance Cutters(WMEC)	16,706	17,191	13	17,204
- Communications Stations	2,023	2,082	26	2,108
- Command, Control, Communications and Intelligence (C3I) Centers	257	264	-240	24
Total Area Operations and Support	165,955	170,504	3,502	174,006
- District Operations and Support:				
- District Offices	61,059	58,574	2,459	61,033
- Groups and Bases	70,262	69,839	3,023	72,862
- Combined Group and Air Stations	9,781	9,722	646	10,368
- Air Stations	47,237	46,953	1,275	48,228
- Marine Safety Offices (MSO)	7,898	7,850	207	8,057
- Long Range Electronic Navigation Aids Stations	6,460	6,421	1,294	7,715
- Cutters	28,008	27,859	707	28,566
- Vessel Traffic Services (VTS)	226	225	1,617	1,842
Total District Operations and Support	230,931	227,443	11,228	238,671
- Ammunition and Small Arms	8,306	8,291	134	8,425
Subtotal PPA III.	405,192	406,238	14,864	421,102

OPERATING EXPENSES APPROPRIATION BUDGET DETAIL (Cont)

(dollars in thousands)

Program, Project and Activity (PPA)	FY 1993 Budgeted Level	FY 1994 Budgeted Level	FY 1995 Increment	FY 1995 Budgeted Level
IV. Recruiting and Training Support:				
- Recruiting	4,412	3,888	-188	3,700
- Training Centers	32,519	30,239	-250	29,989
- Coast Guard Academy	13,166	12,831	807	13,638
- Professional Training/Education	28,687	25,694	1,402	27,096
Subtotal PPA IV.	78,784	72,652	1,771	74,423
V. Coast Guard-wide centralized services and support:				
- Headquarters units:				
- Supply Centers	9,331	8,832	143	8,975
- Finance Center	5,221	5,290	85	5,375
- Military Pay and Personnel Center	1,223	1,215	20	1,235
- Activities Europe	12,902	11,911	-6,280	5,631
- Coast Guard Yard	1,899	1,652	107	1,759
- Strike Teams	3,020	2,320	366	2,686
- National Pollution Funds Center	2,002	1,358	4	1,362
- Command Display and Control Support Facility (COMDAC)	2,068	2,046	19	2,065
- Air Station Washington	756	906	0	906
- Operations Systems Center (OCS)	5,394	5,358	87	5,445
- Telecommunications and Information Systems Command (TISCOM)	3,103	3,149	51	3,200
- Omega Navigation System Center (OMSEN)	4,063	3,873	101	3,974
- Intelligence Coordination Center (ICC)	279	275	4	279
- Electronics Engineering Center (EECEN)	2,195	2,070	33	2,103
- Institute	895	810	13	823
- Research and Development Center	468	324	5	329
Total Headquarters Units	54,819	51,389	-5,242	46,147
- Headquarters and Service-wide Centralized Bill Paying:				
- Headquarters	96,810	109,320	-1,277	108,043
- Centralized Bill Paying:				
- Postal	7,800	7,630	123	7,753
- Federal Telephone Service 2000 (FTS 2000)	10,000	9,900	160	10,060
- Federal Employment Compensation (FEC)	5,026	5,497	746	6,243
- Unemployment Compensation (UCX)	4,870	5,056	163	5,219
Total Headquarters	124,506	137,403	-85	137,318
Subtotal PPA V.	179,325	188,792	-5,327	183,465
TOTAL PPAs	2,558,000	2,591,770	38,735	2,630,505

Source: U.S. Coast Guard

(344488)

Mr. CARR. Well, as usual, Mr. Li, you provide us with some very helpful suggestions. I think the statement is really quite complete. I have looked it over and I think it will form the basis of some questions that we will have of the Coast Guard, but at this point I do not have any additional questions for you or your able staff. This is probably one of the easier hearings you have attended. Thank you so much.

Mr. LI. Thank you, sir.

[Questions for the record follow:]

RESEARCH AND DEVELOPMENT—MANAGEMENT

Mr. PRICE. On page 11 of your testimony, you note the strides the Coast Guard has made in managing its research and development program. Will you give us some specific examples and explain how these measures will further the Coast Guard's ability to carry out its mission?

[The information follows:]

As we stated in our testimony, the Coast Guard is in the process of making improvements to the management of its RDT&E program in response to the recommendations of our May 1993 report. First, it is defining what constitutes RDT&E to guide the project selection process. With a clear definition of RDT&E, the Congress and the Coast Guard will be assured that RDT&E funds are being used for projects that are truely RDT&E. Second, the Coast Guard is developing an RDT&E plan that establishes RDT&E priorities agencywide and that links proposed and ongoing RDT&E projects to the agency's missions to ensure that limited RDT&E funds are meeting the Coast Guard's most urgent needs. As we testified, the Coast Guard plans to have its definition and plan developed during this fiscal year.

INFORMATION RESOURCE MANAGEMENT

Mr. PRICE. On page 10 of your testimony, you reiterate the need for the Coast Guard to have better information about programs and activities. Would you tell us what you concluded about the way the Coast Guard manages information resources and how they could improve IRM in your April 20, 1993, report?

[The information follows:]

As we stated in our testimony last year, the Coast Guard has difficulty getting information it needs to carry out its operations. As the Coast Guard's duties expand and its budget resources remain constrained, the role of information technology will become increasingly vital. The Coast Guard's ability to accomplish its missions depends on its ability to implement information systems that serve the needs of the organization overall. In recognition of the need for better information, the Coast Guard is spending millions of dollars to modernize or replace many major information systems. Most of the new systems will not be operational until later in the 1990's.

AC&I MANAGEMENT

Mr. PRICE. On page 12 of your testimony, you address weaknesses in the Coast Guard's AC&I account. What would you recommend the Coast Guard do to get off the OMB's list of high-risk areas?

[The information follows:]

As we stated in our testimony, despite improvements, the Coast Guard's acquisition process remains on OMB's high risk list. In an effort to get its process off the list, the Coast Guard plans to implement a process that it hopes will provide sufficient quantitative and qualitative analysis to better support acquisition activities and that links the acquisition process to the budget. According to OMB officials, if OMB determines that these actions are methodologically sound, it will remove the

Coast Guard's acquisition process from their high risk list. Even if this occurs, however, we believe that the Coast Guard's senior staff needs to continue to make certain that the Coast Guard adheres to the rigorous acquisition process.

COAST GUARD OPENING REMARKS

Mr. CARR. We are now pleased to welcome back Admiral J. William Kime, the Commandant of the United States Coast Guard, for what I am told might be your final appearance before the Subcommittee on Transportation Appropriations. We may have other hearings, but you have presided over the Coast Guard during a challenging time. From the aftermath of the Exxon Valdez disaster and implementation of the Oil Pollution Act of 1990 to drug interdiction to Haitian boat people to new responsibilities in law enforcement, you have had to deal with a lot of complicated issues during your tenure. Especially during these times of constant budgetary pressures, you have faced these challenges with intelligence, energy, and dedication, and the Committee commends you for your service and wishes you well in the future.

I am also pleased to note the Assistant Secretary for Budget and Programs for the Department, Louise Stoll, who is here with us today, and on behalf of the Committee we would like to welcome you.

Ms. STOLL. Thank you, sir.

Mr. CARR. Admiral, we will place your prepared statement in its entirety in the record. I hope it is not that book you brought with you, or we will have to dock the Coast Guard for the printing budget. Also, I'd appreciate it if you could summarize your remarks and introduce your supporting witnesses.

INTRODUCTIONS

Admiral KIME. Thank you, Mr. Chairman, and let me say this is not my statement. All I know is I am here for a sporting match and I don't know if you are going to roll out a hockey puck or a basketball so we have to be prepared for contingencies.

I want to thank you very, very much for your kind words, and let me say that during my time I have very much appreciated the help and guidance I have received from this Committee, from you personally both as a Member and Chairman, and from the staff, and I think together we have made some significant progress.

I have with me, in addition to Assistant Secretary Louise Stoll, who you mentioned, on my right Captain Tom Collins, who is Chief of our Programs Division, and on my left, Captain Terry Cross, who is Chief of our Budget Division, and, Mr. Chairman, I would like to make a very short statement, if I could.

As you know, the President has initiated changes to address the nation's needs and I strongly support these initiatives and am here today to explain how the Coast Guard's fiscal year 1995 budget request furthers these initiatives.

SUMMARY OF FISCAL YEAR 1995 REQUEST

Our fiscal year 1995 budget clearly supports the administration's goals of deficit reduction and investment. It includes streamlining initiatives, which, when fully annualized, total over $1 million per year, and it provides for essential Coast Guard infrastructure investment. Many of the streamlining initiatives proposed make good business sense, and I would recommend them regardless of budget constraints.

However, developing this budget was not easy. We had to make some very difficult choices. As examples, our request proposes that we reduce the Coast Guard work force by 1,013 military and 113 civilian employees. That is about 2.5 percent of our total work force; decommission 11 of our 195 multimission cutters; and remove nine of our 180 multimission aircraft from service; close approximately 14 of our 166 multimission boat stations and detachments, hopefully, Mr. Chairman, using the techniques that Mr. Li discussed when he made his statement; further reduce the ready Reserve force from 8,000 to 7,000; and, finally, eliminate the boating safety grants to the States.

And, Mr. Chairman, I would prefer not having to propose some of these reductions, however, these and other initiatives were needed to meet presidential and congressional deficit reduction goals and the specific spending caps.

I am acutely aware of our responsibilities to the public and did not make any of these decisions quickly or lightly. We worked hard with DOT and OMB to carefully craft this budget, and the reductions included in our request were carefully selected to minimize the adverse impact on our ability to deliver services to the public.

Therefore, I am concerned that if we are precluded from taking the proposed reductions, the resulting actions we would be required to take to meet our budget target could adversely impact our ability to deliver essential public services.

MULTI-YEAR PLAN

I want to stress the importance of the Coast Guard being funded at the requested level. As you know, we have not been funded by the Congress at the level requested by either President Bush or President Clinton during any of my years as Commandant. Funding below the requested level or the addition of new initiatives by Congress in fiscal year 1995 will require even more reductions.

I ask that you view our 1995 budget request as the first installment in a multiyear budget plan to accomplish our streamlining goals in a way that allows us to continue to deliver essential services to the public and, very importantly, be fair to Coast Guard people.

We are a people-intensive operating agency, and streamlining means fewer people, therefore, to continue to accomplish our missions, we must have the people with the right skills and the right jobs operating modern and efficient equipment.

PERSONNEL MANAGEMENT TOOLS

This budget seeks funds and legislation to help us do that. In this context, we are asking for personnel management tools, including transition benefits, that will allow us to streamline our work force fairly in selected specialties to match our operational streamlining initiatives.

Attrition or across-the-board reductions in force, or RIFs, do not allow the needed flexibility; therefore, securing these personnel management tools for the Coast Guard, similar to those in DOD's personnel management tool box, is one of my highest priorities.

CAPITAL INVESTMENT

Equally important to getting the personnel management tools is an adequate investment portfolio. In each of my last three appearances before this Committee, I stressed the need to adequately fund the Coast Guard's Acquisition, Construction and Improvements, or AC&I, Appropriation. I am going to do that again today.

I also note with grave concern that the House budget resolution calls for a reduction of $100 million in AC&I funding from that recommended by the President. Given the reality of flat budgets and a shrinking work force, increased investment in state-of-the-market technologies and the tools we use to do our jobs is absolutely necessary.

Let me give you one example. Our new seagoing and coastal buoy tenders will replace 50-year-old ships with ships that have state-of-the-art technology. This will permit us to replace the combined fleet of 37 ships with only 30, while employing fewer people per ship; a total reduction in people of almost 500. Deployment of these new buoy tenders will save about $25 million annually. We will need fewer people and fewer dollars to deliver improved services. This is what streamlining is all about and it makes good business sense.

PEOPLE, BALANCE, EXCELLENCE

About three years ago, I testified before this Committee on the Coast Guard's fiscal year 1992 budget request. That was my first opportunity to do so as Commandant. I outlined three basic themes for the Coast Guard: Adequate support for our people, balance among our many missions, and the constant pursuit of excellence through continuous improvement.

As I appear before you today to present my last budget request, I am pleased to report that with your help we have succeeded in each of these areas. Our people programs, which I refer to jointly as "Work-Life," have been extremely successful. First term retention rates are at an all time high, I believe in large part because of our demonstrated concern for our people and for their families.

Coast Guard operations are now strategically balanced and this has allowed us to enhance our multimission nature and give the taxpayers the best possible return on every tax dollar invested. We have built on the Coast Guard's well deserved reputation for excellence and have institutionalized principles of total quality management that will facilitate continuous improvement in everything the Coast Guard does.

I am also proud to report that today's Coast Guard better reflects the diverse society we serve and we will continue to improve in this area.

PROGRAM, PROJECT ACTIVITIES

Also, as you have heard from the GAO testimony, I believe we have made some significant progress on an issue of special interest to this committee. Our fiscal year 1995 operating expenses appropriations request includes a new detail sheet that apportions our operating expense appropriations into five different program project activity categories, or PPAs. At your request, we developed this information with the mutual understanding that it will be used only for presentation purposes this year and that we need to formulate and implement new reprogramming guidelines, develop and implement new management controls, and modify elements of our accounting system before we can actively manage by PPAs.

SUMMARY

Mr. Chairman, I am extremely proud of the accomplishments of the Coast Guard over the past four years. Regarding the Coast Guard's future, I am most concerned about the state of our capital plant and our growing inability to recapitalize our assets at adequate levels. At I noted earlier, delivery of essential services to the public tomorrow is dependent on an adequate capital investment today.

Since 1990, our enacted AC&I levels have decreased each year well below the required annual levels of $500 to $600 million. This shortfall has created a growing backlog of maintenance and replacement needs in our capital plant. Unless we address this backlog soon, we will not be able to sustain the capital assets needed to deliver vital services to our customers.

I am equally concerned about our overall operating funding levels. As I said, we can continue essential services if our fiscal year 1995 request as forwarded by the President is approved. However, as downward budgetary pressures continue in fiscal year 1996 and beyond, I ask that you try to hold the line against further operating cuts that would inevitably result in reduced services that the public has come to depend upon and expect from the Coast Guard.

Mr. Chairman, in closing I would like to thank you and other Members of this distinguished Committee for the support and guidance given me over the past years. I ask for your help in passing the Coast Guard's fiscal year 1995 budget as a package and continuing to compensate Coast Guard personnel in parity with DOD personnel. And as I prepare to turn over the helm to my very able successor, Admiral Bob Kramek, I share your deep concern in keeping the Coast Guard Semper Paratus.

Mr. Chairman, that concludes my statement and I would be prepared to answer any questions that you or Members of the Committee would have.

Mr. CARR. Well, thank you, Admiral Kime. I only wish that your last budget request would be easier than your previous budget request.

[The prepared statement and biography of Admiral Kime follow:]

U.S. Department
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**United States
Coast Guard**

Commandant
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DEPARTMENT OF TRANSPORTATION

U. S. COAST GUARD

STATEMENT OF

ADMIRAL J. WILLIAM KIME

ON THE FISCAL YEAR 1995 BUDGET REQUEST

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 22-23, 1994

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF
ADMIRAL J. WILLIAM KIME
ON THE FISCAL YEAR 1995 BUDGET
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 22-23, 1994

Good morning, Mr. Chairman. It is a pleasure to appear before this distinguished Subcommittee today to discuss the Coast Guard's fiscal year 1995 budget and its impact on the current and future state of the Service.

As you know, the President has initiated significant changes to address the Nation's needs. Both President Clinton and Secretary Peña have set aggressive agendas to "streamline" government, to reduce the Federal deficit, and to invest in transportation infrastructure to "Tie America Together." I strongly support these initiatives, and I am here today to explain how the Coast Guard's FY 1995 budget request furthers these goals.

ADMINISTRATION PRIORITIES

I am very pleased with this budget. It is a responsible budget, given the very real problems facing the Nation. We worked hard to ensure that it is consistent with the Administration's priorities, and also with suggestions and direction provided by the Congress. Most importantly, it provides the resources we need to continue to deliver essential services to the public.

Our FY95 budget clearly supports the Administration's goals related to deficit reduction and investment...it includes reductions, which when fully annualized, total over $100 million; and it provides for essential Coast Guard infrastructure investment. Many of the streamlining initiatives proposed make good business sense regardless of budget constraints.

SUMMARY OF PROPOSED CUTS

However, developing this budget was not easy. We had to make some very difficult choices. For example, our request proposes several "streamlining" initiatives that would...

o Reduce the Coast Guard work force by 1,013 military and 113 civilian positions, about 2.5% of our work force.

o Decommission 11 of 195 multi-mission cutters.

o Remove from active service 9 of 180 multi-mission aircraft.

o Close 14 of 166 multi-mission boat stations/detachments.

o Further reduce the ready reserve force from 8,000 to 7,000.

o Eliminate Boating Safety grants to states.

However, these and other initiatives included in our budget were needed to meet Presidential and Congressional deficit reduction goals and specific spending caps.

I am acutely aware of our responsibilities to the public and did not make these decisions quickly or lightly. Early last summer, in response to direction from the Secretary, we took a comprehensive look at our organization. Consistent with the National Performance Review, we examined every Coast Guard program for opportunities to streamline or gain management efficiencies, while ensuring that we preserved the Coast Guard's core capabilities, characteristics, and attributes, which are essential to our ability to accomplish our core missions and provide essential services to the public.

During the development of our fiscal year 1995 resource adjustments, we employed specific criteria to ensure that we made the best budget decisions possible. Specifically, our reduction efforts sought to:

o Reduce overhead and administrative costs.

o Minimize organizational and management layers.

o Examine opportunities to exploit existing and emerging technologies that could improve mission efficiency and productivity.

o Reduce or eliminate older, maintenance intensive, and relatively low productivity assets, while preserving and replacing, where necessary, the infrastructure we need to do our jobs more efficiently.

Then, working very closely with the Department and the Office of Management and Budget, we carefully crafted a budget that meets FY95 spending targets, positions us to meet outyear spending targets, and provides the resources we need to continue to deliver essential services to the public.

MULTI-YEAR EFFORT

Perhaps the most important feature of our FY95 budget is that it represents the first phase of a multi-year "streamlining" effort. We are a people intensive operating agency that delivers services directly to the public...about two-thirds of our budget goes to pay and provide for people. A no-growth budget environment necessarily requires that we find ways to deliver services using fewer people. It takes time to identify potential efficiencies, implement those that prove productive, and reduce the workforce. Therefore, it is important that our "streamlining" effort be a phased, multi-year effort that allows us to realize efficiencies over time, much like the Department of Defense (DOD) is doing. However, it is even more important for the Coast Guard because our missions are increasing, unlike DOD. Our budget request must be considered as the first installment in a multi-year plan to accomplish our "streamlining" goals without disrupting essential services to the public and being unfair to our people. In short, to gain the efficiencies we need to accomplish our missions with fewer people, we must have people with the right skills in the right jobs operating modern, efficient equipment. This budget seeks funds and legislation to help us do that. In this context, we are asking for personnel management "tools," including transition benefits, that will allow us to streamline our workforce fairly in selected specialties to match our operational streamlining initiatives. Attrition or across the board Reductions in Force (RIF) do not allow the needed flexibility; therefore, personnel management tools for the Coast Guard, similar to those in DOD's personnel management "toolbox," are one of my highest priorities.

INFRASTRUCTURE INVESTMENT

Equally important to personnel management tools is an adequate investment portfolio. Secretary Peña has said that the Department's budget is about infrastructure investment...that includes the Coast Guard. In each of my last three appearances before this committee, I stressed the need to adequately fund the Coasts Guard's Acquisition, Construction, and Improvements (AC&I) Appropriation...the funds we use to buy new ships, aircraft, information systems and construct buildings. I am going to do it again. Given the reality of flat budgets and a shrinking work force, increased investment in state-of-the-market technology and the tools we use to do our jobs is absolutely necessary if we are to continue to deliver essential services to the public . Let me give one example. Our new Seagoing and Coastal buoy tenders will replace inefficient, 50 year old ships with ships that have state-of-the-market technology. This will permit us to replace the combined fleet of 37 ships with not more than 30, and the new ships will have smaller crews. Deployment of these new buoy tenders will save about $25 million annually... we will need fewer people and fewer dollars to deliver improved services...this is what "streamlining" is all about...it makes good business sense.

This year's $439 million AC&I request is a significant increase over last year's appropriation, but this is very misleading as last year's $327.5 million appropriation was the lowest in recent memory. For comparison, I note that our AC&I appropriation totaled $444 million as recently as FY90. I ask for your support in turning the downward sloping AC&I trend around...the vitality of the Coast Guard over the next 15 years depends on it.

OPERATING EXPENSES

Our FY95 request for our Operating Expenses (OE) Appropriation reflects rigorous "streamlining" initiatives. We are asking for a modest $39 million (1.5%) increase in this appropriation; however, this is misleading as enhancements total only $2.2 million, and most of these funds are for Hazardous Materials Management training needed to improve Coast Guard compliance with environmental waste regulations. Two of the remaining four line items are actually investments that will result in recurring savings. One, the Far East Activities Initiative, produces savings next year, and the other actually provides a net savings in operating expenses this year. This initiative will replace two 50 year old Medium Endurance Cutters with two newer, Stalwart Class ships we obtained essentially free from the Navy (there is a one time $6 million AC&I conversion cost). These ships are more efficient and can be operated with smaller crews.

Virtually all of the requested net increase is needed to accommodate $70 million of non–discretionary increases, such as pay raises and cost of living adjustments, plus $9.4 million to operate new equipment and maintain new buildings put into service last year. To offset these costs we have identified $42 million in reductions, which as I noted earlier will total over $100 million when fully annualized. The need to phase these reduction initiatives over time, like DOD, is why the full savings won't be realized in FY95.

ALTERATION OF BRIDGES APPROPRIATION

Consistent with fiscal year 1994 Congressional direction, we have requested no funding for highway bridges in fiscal year 1995 for the ALTERATION OF BRIDGES Appropriation. As you know, this appropriation was established to provide federal funds to pay a share of the cost to alter or remove bridges determined to be unreasonably obstructive to navigation on the navigable waters of the United States. The Coast Guard will continue to exercise all regulatory, permitting, and bridge alteration responsibilities on domestic waterways to ensure safe navigation. However, our fiscal year 1995 request proposes changing the funding mechanism for the Federal share for highway bridges only. Funds for alterations to highway bridges will now be derived from the Discretionary Bridge Program of the Federal Highway Administration. Railroad bridges will continue to be funded through this appropriation, as needed. I've requested no funds for this Appropriation for FY95 as there are no railroad projects that need FY95 funds.

BOAT SAFETY APPROPRIATION

For fiscal year 1995, we are proposing a change in the BOAT SAFETY Appropriation. This appropriation was established to provide financial assistance for states' recreational boating safety programs in order to encourage greater state participation and uniformity in boating safety efforts. Our request proposes to eliminate discretionary Federal funding for state boating safety grant programs. However, all Coast Guard Boat Safety program activities will continue at current service levels except the recreational boat factory inspections. Funds which have, in the past, been deposited in the discretionary Boat Safety Account will rollover to the mandatory Sport Fish Restoration Account and be allocated to the states under the rules that govern it. I believe that this proposal will have minimal impact on boating safety. The purpose for which the Boating Safety Account was established has been essentially achieved and can now be carried on almost totally by the states. Federal funding levels can be reduced without negative impact on recreational boating safety. Boating fatalities per 100,000 boats have been reduced from 20.2 in 1971 to 4.0 in 1992. In addition, the states now collectively spend over four times the amount of funding provided by the Federal Government, and states will continue to receive some mandatory Federal funds ($7.5 million in fiscal year 1995, $10.0 million in fiscal years 1996 and 1997, and $20.0 million in fiscal year 1998). The Coast Guard Auxiliary will continue to conduct courtesy inspections of recreational boats and offer boating safety courses. And of course, the Coast Guard's network of coastal multi-mission stations, aircraft, and cutters stand always ready to assist the recreational boater in time of need.

RESERVE APPROPRIATION

Our fiscal year 1995 request for the COAST GUARD RESERVE--an essential element of our ability to respond to national emergencies--includes funds for a

Selected Reserve size of 7,000. This is a reduction from our fiscal year 1994 level of 8,000. In November of 1993, I forwarded to you a copy of a Selected Reserve sizing study we conducted. That study concluded that a Selected Reserve size of 8,000 was required to respond to multiple, concurrent defense and non-defense related contingencies. Reducing the Selected Reserve to 7,000 will reduce our capacity to respond to multiple, concurrent contingencies. However, essential support for mobilization requirements in strategic outload ports and direct defense support requirements would be maintained at a level consistent with DOD planning and mobilization requirements. Included in this request is $3.7 million for Reserve Transition Benefits.

1993 COAST GUARD HIGHLIGHTS

I also said that this budget is about providing essential services to the public...it is. Amidst all the changes, the Coast Guard remains focused on its four fundamental mission areas: Maritime Safety, which includes Waterways Management; Marine Environmental Protection (MEP); Maritime Law Enforcement (MLE); and National Security. To effectively carry out our missions, we operate and maintain multi-mission aircraft, vessels, and shore facilities. It is the multi-mission capabilities of our assets and people that make the Coast Guard cost effective and responsive to the Nation's needs. I would like to highlight some of our recent accomplishments in our four primary operating mission areas and discuss where I see the Coast Guard headed in each of these four areas in fiscal year 1995.

Our MARITIME SAFETY mission is part of our rich humanitarian heritage, and has helped us build our reputation as the world's expert in maritime Search and Rescue (SAR). However, it has been our efforts in Aids to Navigation (ATON), Commercial Vessel Safety, Icebreaking, Vessel Traffic Services, and deployment of a Differential Global Positioning System that have served to facilitate the efficient flow of commerce and save lives by preventing marine accidents and increasing the efficiency of waterway and port operations.

The development and maintenance of a safe and efficient maritime transportation infrastructure is essential to the Nation's economy, and will be a key to our ability to successfully compete in the expanding global economy. For example, approximately 38 percent of the value of all U.S. exports were transported on ships in 1992. Coast Guard maintained systems...aids to navigation, ice-breaking, and vessel traffic control systems...help ensure safe and expeditious movement of vessels within the transportation network.

The Coast Guard has long been assigned a vital role in developing and maintaining the Nation's maritime infrastructure. In 1993, the Coast Guard continued to emphasize accident prevention and facilitate the efficient flow of commerce by maintaining the world's finest Aids to Navigation system, expanding Vessel Traffic Services, breaking ice that blocked commerce on vital waterways, and conducting aggressive safety inspections of recreational and commercial vessels.

We are proud of our success in helping prevent maritime accidents, but we remain ready to respond whenever and wherever disaster strikes. We continue to save lives and property at sea and on our large lakes and rivers...every day. In FY 1993, Coast Guard crews conducted over 69,000 search and rescue cases, saved more than 5,300 lives, assisted 117,000 other individuals, and saved property valued at over $900 million. Arguably, the Search and Rescue program alone provided more benefit to the Nation than the cost of all Coast Guard services combined.

Continuing our tradition of responding to national maritime disasters, the Coast Guard played a key role in Midwest Flood relief efforts. Over 1,000 Coast Guard active duty and reserve men and women, including over 200 Coast Guard Auxiliarists, helped minimize the impact of the floods. Despite severe damage to operating facilities at Base St. Louis, MO and Group Upper Mississippi River, 26 Coast Guard units conducted 3,000 waterborne sorties and Coast Guard aircraft flew over 500 sorties. These combined efforts rescued or assisted more than 2,900 people.

MARINE ENVIRONMENTAL PROTECTION continues to be a highly visible mission because of national concerns about all forms of pollution. We have continued aggressive implementation of the Oil Pollution Act of 1990 (OPA 90) to prevent, prepare for, and respond to oil pollution incidents. Prepositioned oil spill cleanup equipment delivery continues with equipment already in place at 12 of 19 sites. We have received nearly 1,700 response plans covering 6,000 vessels. All of these plans have undergone preliminary review, and we have given qualifying vessels interim authorization to operate pending detailed reviews of their plans, which we hope to complete by the end of the year.

Area Contingency Plans detailing Federal, state, and local government response concerns and capabilities have been completed for all coastal areas. The Coast Guard orchestrated the development of the National Preparedness for Response Exercise Program (PREP) in concert with other federal agencies, the states, industry and concerned citizens, to allow for ongoing testing of these response plans. Also, recognizing that even the best locally based plans may be overwhelmed by a truly catastrophic spill, we developed the multi–agency National Incident Task Force, to bring all national resources to bear in support of the local efforts.

The recent grounding of an oil barge that spilled 750,000 gallons of heavy fuel oil onto Puerto Rico's beaches is a reminder of the continuing threat of environmental damage from marine transportation. Damage was **MINIMIZED** by advance planning, availability of prepositioned clean–up equipment, and interagency cooperation. OPA 90's emphasis on preparedness paid off. Another accident off the coast of Puerto Rico demonstrated the progress we have made in **PREVENTING** spills. In December 1993, a barge carrying 600,000 gallons of corn and soy oil went aground on the north shore of Puerto Rico. Fortunately, the barge had double hull construction and only one of the six barge compartments was breached. Almost all of the oil that leaked from the damaged compartment was contained within the double hull. The barge owner's pre–identified cleanup contractors promptly responded and helped to minimize the threat of environmental damage. Five days after the grounding, the barge was refloated with an estimated loss of only 10 gallons of oil. These incidents clearly illustrate the success of OPA 90 provisions.

We have also heightened our enforcement of MARPOL provisions. For example, last April, Princess Cruise Lines was fined $500,000 for dumping plastic trash in the Caribbean Sea.

We have worked hard to improve our relationships with both industry and the environmental community. Last year, I published and implemented the Coast Guard Environmental Policy Statement, which emphasizes partnerships with Federal, state and local agencies, as well as environmental interest groups and private industry to ensure long-term environmental quality. In keeping with the focus of this statement, last year I hosted the first summit between the Coast Guard and leaders of national and international environmental organizations. This summit greatly improved communications between the Coast Guard and members of the environmental community and will help us leverage each others' skills to accomplish environmental goals. Internationally, we continue to lead the establishment of a worldwide response network through the International Maritime Organization (IMO) and the International Convention on Oil Pollution Preparedness, Response and Cooperation.

Coast Guard MARITIME LAW ENFORCEMENT has been an integral part of our service since 1790 and will remain an important mission in the future. Consistent with the President's new drug control strategy and Congressional direction in our fiscal year 1994 appropriation, the reduction in narrow, single-mission Coast Guard resources committed solely to drug interdiction efforts, which actually began several years ago, will continue in fiscal year 1995.

As you know, we recently decommissioned four cutters, layed up five aircraft, and implemented other staff reductions in response to a fiscal year 1994 Congressional direction to reduce drug law enforcement operations and a $9 million reduction in our Operating Expenses Appropriation. Actions planned in conjunction with our fiscal year 1995 budget request eliminate nearly all remaining Coast Guard single-mission dedicated drug law enforcement assets, primarily air interdiction assets. This is not to say that we will not continue to aggressively conduct drug interdiction activities with remaining multi-mission assets...we will. My recent appointment as the U.S. Interdiction Coordinator serves to underscore our continuing commitment to this mission.

We continue to dedicate significant resources to OPERATIONS ABLE MANNER and SUPPORT DEMOCRACY--the Haitian Migrant Interdiction Operation and the United Nations embargo against Haiti. Our continuous presence off the Haitian Coast resulted in the safe interdiction of over 4,200 Haitians. Also this past year, we interdicted over 2,500 illegal migrants from the Peoples Republic of China and 2,800 Cuban refugees. Unfortunately, this demonstrates that conditions in other parts of the world have the potential to foster future mass migrations. I anticipate that the illegal migrant interdiction mission will continue to require substantial Coast Guard assets.

The enforcement of laws governing fisheries remains an integral part of our law enforcement program. Our efforts in this area are another investment in our Nation's future. Coast Guard fisheries enforcement operations are designed to protect U.S. stocks from foreign poaching and to promote compliance with domestic fishing regulations. Strong enforcement of fisheries regulations is crucial to ensuring the continued viability of the fishing industry, both commercial and recreational. This is important, as the fishing industry contributes over $50 billion each year to our economy. More importantly, the Department of Commerce estimates the recovery of overfished stocks will produce an additional $2.9 billion in revenue to U.S. fishermen with a total impact on the Gross Domestic Product of up to $25 billion, and create over 200,000 new jobs in the seafood and related industries.

I chartered the Fisheries Enforcement Study in 1992 to improve our effectiveness in fisheries enforcement and our relations with the fishing industry. Last year, I approved the Fisheries Study and an associated implementation plan. This plan includes: improving interagency cooperation and coordination, including improved intelligence gathering and sharing with other Federal and state agencies; establishing five regional fisheries law enforcement training centers and improving the training and expertise of our fisheries enforcement people; increasing participation on the regional fisheries management councils to improve the enforceability of fisheries regulations. The cornerstone of our implementation plan is our resolve to improve our relations with the fishing industry. The use of dockside boardings to check for routine safety items, better training of our enforcement personnel, and increased dialog through the councils will allow us to provide better services, make our present fisheries enforcement efforts more efficient, and minimize their impact on the operations of legitimate, hard-working fishermen.

The Coast Guard continues to play a significant NATIONAL SECURITY role. We have been involved in every major American conflict since 1790. During this past year, we established two new units--Coast Guard Squadrons 42 and 44, based in Portsmouth, Virginia. These squadrons consist of six officers each and deploy on U.S. Navy ships in the Red Sea to coordinate the Multi-National Maritime Interception Operations to enforce United Nations sanctions against Iraq. Also, Coast Guard personnel have trained Romanian and Bulgarian officials to enforce sanctions against Serbia on the Danube River.

About three years ago, I testified before this Subcommittee on the Coast Guard's fiscal year 1992 budget request--my first opportunity to do so as Commandant. I outlined three basic themes for the Coast Guard; adequate support for our PEOPLE, BALANCE among our many missions, and the constant pursuit of EXCELLENCE through continuous improvement. Regarding PEOPLE, I testified that I was concerned about my ability to recruit and retain qualified people, and that I needed to improve housing, health care, family services and general personnel support. I testified that

BALANCE between our four traditional mission areas--maritime safety, environmental protection, law enforcement, and national security would continue to be a core element of our business plan. And finally, I testified that we would continuously seek EXCELLENCE in all we do.

As I appear before you today to present my last budget request, I am pleased to report that with your help we have succeeded in each of these areas. Our people programs, which I refer to collectively as "Work-Life," have been extremely successful. First term retention rates are at an all time high, I believe in large part because of our demonstrated concern for our people and their families. Coast Guard operations are now strategically BALANCED, and this has allowed us to enhance our multi-mission nature and give the taxpayers the very best possible return on every tax dollar invested. We have built on the Coast Guard's well deserved reputation for EXCELLENCE and have institutionalized principles of Total Quality Management that will facilitate continuous improvement in everything the Coast Guard does. I am also proud to report that Coast Guard men and women now more reflect the diverse society, which we serve, and we will continue to improve in this area.

As I prepare to turn the helm over to Admiral Kramek, I am extremely proud of the accomplishments of the Coast Guard over the past four years. Regarding the Coast Guard's future, I am most concerned about the state of our capital plant, and our inability to recapitalize our assets at adequate levels. Our ability to deliver essential services to the public in the future is dependent on an adequate level of capital investment today. However, our enacted AC&I levels have not only been well below this level, but since 1990, they have decreased each year. In light of this, I hope you'll agree that our FY95 AC&I request for $439 million is very reasonable in these difficult budgetary times. Equally important to my capital investment concerns are overall operating funding levels. As I said, we can continue essential services at the FY95 request level. However, as downward budgetary pressures continue in FY96 and beyond, I ask that you try and hold the line against further operating cuts that would clearly result in reduced services that the public has come to depend upon and expect from the Coast Guard. I ask that you work with the next Commandant, as you have with me, to ensure the Coast Guard remains capable to perform its many missions for years to come.

In closing, I would like to thank you and the other members of this distinguished Subcommittee for the support and guidance they have given me over the past few years. I ask for your help by passing the Coast Guard's fiscal year 1995 budget as a package and continuing to compensate Coast Guard personnel in parity with DOD personnel. I share your deep concern in keeping the Coast Guard Semper Paratus.

I would be happy to answer any questions you may have.

Admiral J. William Kime
Commandant
United States Coast Guard

Admiral J. William Kime became the 19th Commandant of the Coast Guard on 31 May, 1990. He was nominated to that position while serving as Commander of the Eleventh Coast Guard District in Long Beach, California.

During that time he also served as the commander of the Central California Sector of the U.S. Maritime Defense Zone, Pacific; and as Coordinator of the Pacific Region of the Office of National Drug Control Policy.

Admiral Kime graduated from Baltimore City College in 1951 and from the U.S. Coast Guard Academy in 1957. He received a Master of Science degree in naval architecture and marine engineering and the professional degree of Naval Engineer from the Massachusetts Institute of Technology in 1964.

Admiral Kime served in deck and engineering assignments in the CGC Casco before assuming command of Loran Station Wake Island in 1960. He served at Coast Guard Headquarters in Washington, D.C. in the Merchant Marine Technical and Engineering Divisions. While at Headquarters, he served as the principal U.S. negotiator at the International Maritime Organization (IMO) in London during the drafting of the IMO codes for Liquified Gas Ships. Admiral Kime was in charge of the structural design of the Coast Guard's Polar class icebreakers. He also served as the first engineering officer in the CGC Boutwell stationed in Boston.

In 1977, Admiral Kime was a distinguished graduate of the Industrial College of the Armed Forces and was again assigned to Headquarters as Assistant Chief of the Merchant Marine Technical Division, and as both technical coordinator and as a member of the U.S. Delegation to the International Conference on Tanker Safety and Pollution Prevention in London. He assumed duty as Commanding Officer, Marine Safety Office Baltimore in 1978. He was assigned to Headquarters in 1981 as Deputy Chief of the Office of Marine Environment and Systems.

From 1982 through 1984 Admiral Kime was assigned as Chief of the Operations Division of the Seventh Coast Guard District in Miami, where he was in charge of day to day operations in the Coast Guard's drug interdiction effort in the Caribbean. He was promoted to flag rank in 1984. In 1986 Admiral Kime became Chief of the Office of Marine Safety, Security and Environmental Protection in Washington, D.C., a combination of two offices he had previously headed. His duties in this position included heading the U.S. Delegations to the IMO Marine Safety Committee and Marine Environmental Protection Committee.

Admiral Kime is a registered Professional Engineer, a member of Tau Beta Pi, Sigma Xi and ASNE. In October of 1992 Admiral Kime was elected to a two year term as president of the Society of Naval Architects and Marine Engineers (SNAME). He is the first Coast Guard officer to serve in this distinguished post. Admiral Kime is also a SNAME Fellow and is the 1990 recipient of the SNAME Vice Admiral "Jerry" Land Medal. His decorations include the Transportation Distinguished Service Medal, the Coast Guard Distinguished Service Medal, Defense Superior Service Medal, the Legion of Merit, five Meritorious Service Medals with "O" device, the Coast Guard Commendation Medal, the Coast Guard Achievement Medal, the Humanitarian Service Medal, three Commandant's Letter of Commendation Ribbons with "O" device, two Coast Guard Unit Commendation Ribbons with "O" device and the Coast Guard Meritorious Unit Commendation Ribbon.

Admiral Kime, a native of Greensboro, N.C., grew up in Baltimore, Md., and is married to the former Valerie Jean Hiddlestone of Pontardulais, South Wales, U.K.

BUDGET RESOLUTION

Mr. CARR. As you are probably aware, the President's budget for the Department of Transportation presents Congress with some unique issues. One of these is the administration's proposal to reduce transit operating subsidies by $200 million, or 25 percent. Another is the fact that the administration took $800 million in budget authority and $400 million in outlays from the highway program assuming it would transmit proposals to rescind unobligated highway demonstration project funding. For whatever reasons, the rescission proposals were not sent up here to the Congress. Consequently, the shortfall has to be made up somehow. One option is to reduce the basic highway formula program by approximately $2.5 billion. Because the administration has made the full funding of ISTEA a centerpiece of its investment strategy, there is really not a lot of support for that course of action.

Last week, the House of Representatives passed a budget resolution for fiscal year 1995. The recommendations of the Budget Committee, which were reflected in a measure passed by the House, assumed the restoration of the highway funding associated with the rescissions of the demonstration projects. Another assumption in the House-passed budget resolution is maintaining the Coast Guard's acquisition, construction and improvements account at $307 million, or $132 million below the request.

Of course, the assumptions in the budget resolution are not binding on us and the Appropriations Committee does not have to follow them. I raise the issue, though, because it poses a difficult situation for this Subcommittee. The budget resolution will raise people's expectations that ISTEA can be fully funded; that transit operating subsidies can be restored. However, it must be realized that all of these programs can be funded at the desired levels only if reductions are made elsewhere.

The budget resolution, in addition to assuming reductions in the AC&I account, recommended amounts in several health and social programs below current levels. There will be pressure, I am sure, to increase funding for several of these efforts.

If the Subcommittee chooses to fund the Coast Guard's AC&I account at a higher level than assumed in the budget resolution and provide less than assumed for transit operating subsidies, we are going to need some excellent arguments to convince our colleagues why they should support us. Maybe you could give us some help.

What arguments do you think would be the most effective in persuading our colleagues to fund the Coast Guard's AC&I account at a higher level?

Admiral KIME. Well, Mr. Chairman, I appreciate the opportunity to address that. We followed the House's action very closely in the budget resolution. We note that they took that action on a peremptory basis prior to authorization hearings and prior to appropriations hearings. We also note that the Senate has been able to conclude a similar budget resolution that does not place the Coast Guard in the very difficult position that the House has put it in. So we hope that during the conference on this that steps can be taken to remove some of the burden on the Coast Guard.

We believe when you look at the burden placed on the Coast Guard by this, we have been perhaps singled out. We recognize the importance of infrastructure and we certainly support what is being done. We recognize the importance of mass transit and highways, and certainly the President did, too, the Secretary of Transportation, as we built the budget.

You mentioned a cut in operating subsidies for transit, but this, of course, perhaps is less than has been depicted in some arguments and what you did not mention was the significant increase in the capital investment funding for transit. These were looked at by the administration and all the needs, Mr. Chairman.

We believe that the Coast Guard is extremely important in the services we provide to the public. We believe there are significant infrastructure issues facing the Coast Guard that are going to have a direct impact, adverse impact, on the American public if the cuts proposed in the House budget resolution persist.

In acquisition, we have averaged over $500 million a year over the last 10 years and now this cuts that by about 40 percent, pegging it at the unreal historically low level of $307 million, which occurred last year.

I think we are mortgaging the future if we do that, Mr. Chairman. We are going to result in significantly increased operating costs. A cut like this could impact significantly on the buoy tender construction program and other construction programs that will stretch out the contract and greatly increase the per unit cost, and, as I pointed out, override the significant operating savings that I talked about of $25 million a year. I think that is just one effort.

So, Mr. Chairman, we hope that in the course of the hearings here, in the hearings that we have had in the House authorization subcommittee and the ones that we have in the Senate, we will be able to make a case for the need for the Coast Guard.

I think we have talked about maintaining adequate services for the American public. I think if the reaction that I have seen about the reductions we are talking about in the President's budget are any indication, then the public is very, very much concerned about these drawdowns, and I think that not meeting the President's budget, as I said in my statement, or including things that we must respond to that were not in the President's budget without a commensurate increase in funding, is going to result in additional cuts that are going to have an even greater significant impact on the infrastructure of this country, in what we do, and certainly on the services that we provide the American public, and it is going to cost us more to continue to do that.

We are afraid, Mr. Chairman, that lives would be lost, commerce would be disrupted, that the environment would not receive the same level of protection that it has in the past, and that our national security functions would also suffer. I would be pleased to talk about specific programs that the Coast Guard has put forward here.

Mr. CARR. Well, Ms. Stoll, do you have any advice for us on how to put this huge square peg through the itty-bitty round hole?

Ms. STOLL. It is a difficult problem, I certainly agree with that. We proposed, as you well know, and as I believe the Secretary quite eloquently stated, a reduction in the operating assistance for transit, and we would hope that we would get support for this for a number of reasons. It obviously had to do in part, with outlay rates and the fact that in terms of outlays, it was a lot easier for us to put this into capital. But that was not the primary reason.

We strategically focused this budget on capital investment, and we believe that the transit agencies will do just fine. It is a minimal amount of reduction in their operating assistance to the large operators; it is no reduction to those that are small. The ones that are sandwiched in the middle have a bit of a problem. We might be able to work out a distribution so that they are not adversely affected, but our choice certainly is to reduce the operating assistance and keep this account complete and whole for the Coast Guard.

RESCISSION PACKAGE

Mr. CARR. Well, we can deal with the transit operating issue. The problem is it impacts on the Coast Guard, too. I mean, is the administration going to send us some rescissions?

Ms. STOLL. Do you want us to?

Mr. CARR. I think it would be a good idea if you sent some rescissions up here. That is what the original request was.

Ms. STOLL. The original request carried in the budget language, I believe the wording was "select rescissions of demonstration projects." There is, among our various staffs and the staffs of other committees, discussion about whether or not there are some projects for which rescission is the appropriate action.

I think that demonstration projects are held very dear by the Members of the Congress and the Senate and that this is a very difficult issue to deal with, but we are talking to your staff and to your counterparts in the Senate, also to the authorizing committee staffs. Hopefully we will be able to come to some resolution over this.

Mr. CARR. Well, the difficulty here, and it is a difficulty for every modal administrator that comes up with you, is that the budget request promises certain things but then does not deliver, and it has the effect of putting the onus on us to reconcile the request.

I mean requests are tough. Requests have this number of priorities and that priority but we can deal with those. But now, overlaid on that is a request that is out of balance. That is the struggle that we are having. So it appears that the administration is wanting it both ways. It can be the good guy and postured to be doing wonderful things for all these folks, and then in the fine print, it requires this Committee to be the bad guy. I guess that is a problem we have, and I think it would be helpful if the administration stepped up to bat and led the way on some of these rescissions.

Last year this Committee, with the help of GAO, identified some projects that are absolutely dead under any circumstance. We sought the administration's support last year on the Floor to recover that dead demo money and we could not get it. I guess the point here is that if the administration does not want to lead in this area, then of course I guess we have to. But it would sure be nice to have some help.

I know you have people on another committee in Congress that raise holy hell about things, but it is time to give us some help and do what the American taxpayers want us to do and not be worried about whose nose on the other committee gets out of joint. We have to get the job done and if we do not get the job done, it is places like the Coast Guard that get whacked and they are not part of this fight, as far as I know.

You have not taken a position on demonstration projects, have you, Admiral?

Admiral KIME. And I don't intend to, Mr. Chairman.

Mr. CARR. The leadership in this room abounds.

Ms. STOLL. Well, it is all under wraps. We are all leaders; we are just hunkering down over this. This is a tough issue.

The issue came to a vote earlier in the debate over the emergency legislation, and there was not support for the rescission of demos. This is a clear message sent to us and to you and to everybody here. We sent up a package of rescissions, and, as you well know, only a fraction of those that we requested were approved.

It is no secret that we are struggling with this issue, but we want to be of as much help as we can for getting our budget forward as intact as we can.

ACQUISITION PROCESS IMPROVEMENTS

Mr. CARR. During our hearings last year, witnesses from the GAO testified that on a number of instances the Coast Guard could manage its resources better and support its missions more effectively. Quoting from that testimony last year, "The first is weakness in the acquisition process. In our reviews of four major Coast Guard acquisitions totaling about $1 billion, we found that the Coast Guard did not follow the rigors of required acquisition steps."

One year later, Admiral, can you give us any report on progress in the acquisition process and give us any new specific measures of effectiveness that you have been employing in the last year to demonstrate a more rigorous approach to Coast Guard acquisition activities?

Admiral KIME. I think we have made some significant progress, Mr. Chairman, and let me begin by saying that also I think reflected in my statements from last year is that perhaps the concern stated by GAO, while valid at one time, was a bit outdated.

Let me tell you what we have been doing and give you some examples. We have placed an ongoing emphasis on how we buy things, costing schedule, scheduling performance, all of these results continue to improve. And we have made some significant improvements, working very closely with the Department of Transportation in our acquisition policies and procedures. They have been codified in a major acquisition policies and procedures manual.

We have established within the Coast Guard a Coast Guard Acquisition Review Council to parallel the one in the Department, which is the Transportation Systems Acquisition Review Council, and there is also an acquisition policy council established in OST. And I think this has helped us document, justify, and streamline the acquisition process.

Let me say that what we are concentrating on now is what we buy and how many we buy. It was mentioned by GAO that we have brought acquisition and budget together. That was in the testimony by Mr. Li this morning. And we have done that because mission analysis is extremely important before the Coast Guard buys anything.

Let me say that if we have a task to do, we first question should it be done, then should it be done by the Coast Guard, should we do it by aircraft or ships or boats or how, and then once we decide that, say, perhaps it is by boats, then what kind of boat and how should we go about getting it and how many.

We have developed a major long-term capital investment plan that helps us with that. I think the results have shown that we have had some successes, and I point to the contracts that have been let in the past two years, Mr. Chairman, without appeal, and with the results that we are getting: The icebreaker that is being built down at Avondale, the oceangoing buoy tenders built at Marinette, Wisconsin, and also the coastal buoy tenders being built there, and the HH–60 medium range recovery rescue helicopters, the buoy boats, the motor life boats and the 110-foot cutters.

We are still continuing to solidify and consolidate the gains we have made to establish systems acquisition manual improvements to give to people involved in acquisition management and to train our people who are involved in acquisition but not necessarily major acquisition processes.

We are also improving our efforts in operational testing and evaluation, an area where we have made significant strides. And this is a formal part of our acquisitions in the future, further changes in our Office of Acquisition to help project managers. And finally we have institutionalized our training policy for our project directors and the pipeline training also for project managers.

These are some of the things that we have done in general, Mr. Chairman, and I think I could go into detail about specific projects, if you would like.

Mr. CARR. Well, we want to encourage you to continue trying to improve the acquisition system. I know that your successor will hopefully be taking a very hard look at this. It is a very important item. When you think of the millions of dollars, the hundreds of millions of dollars that might be recovered in an improved system, as balanced against the $100 million that we have to juggle with in terms of giving you additional money, that is one area where we can perhaps help each other out.

Admiral KIME. Mr. Chairman, if I could say about acquisition, I believe you are beginning to leave that subject, that we agree with that, and you mentioned last year that we had made some improvements; you urged me to continue that effort. I believe we have done that. I can guarantee you that Admiral Kramek views this as an area of high importance and will continue to do that. It certainly would not be fair for the Coast Guard to ask for money for our acquisition budget and then not make every effort we can to make sure we do a proper job.

We have briefed the staff on many of the initiatives we have ongoing and some of the efforts that we have, and I think those, too, convey efforts on our part to do it right and to work very openly and cooperatively with the committee.

COAST GUARD PRESENCE IN GRAND HAVEN, MI

Mr. CARR. Admiral, I want to talk to you a little bit about the Great Lakes, and I would like you to just explain on the record what you told me in a previous conversation about the situation in Grand Haven, Michigan. Can you give us the history of that situation and then tell us what your plans are?

Admiral KIME. I would be pleased to, Mr. Chairman.

The Coast Guard traditionally has had a Coast Guard cutter in Grand Haven, Michigan, up until about 1989, and Grand Haven, Michigan, has given itself the name Coast Guard City, USA, and certainly we receive tremendous support there. We have people serving in Grand Haven who do not sell their homes; who come back and retire there.

There has been a tremendous bonding between the Coast Guard and Grand Haven, Michigan. And while we do not have a cutter there now, and I will get into why we do not later on, we have a significant presence—a group and a station—we built a magnificent new station there, and also have an aids-to-navigation team and other activities going on there.

In 1988, Mr. Chairman, we looked at the long-term future for the Coast Guard aids-to-navigation program and that study was done by the Volpe Transportation Systems Center in Cambridge, and we looked at what was the future for different kinds of Coast Guard buoy tenders and that formed the basis for the whole buoy tender acquisition project for the oceangoing, the coastal and the BUSLs, the buoy boats that are in the program now. And while at one time we had 40 or 50 buoy tenders, we are now down to a total of 37, and that study recommended that we reduce it to 30, and that is what we are in the process of doing, 16 large and 14 small.

And, very clearly, it indicated that once we began to implement that, that one of the savings, based on workloads, steaming time, et cetera, should come from moving the Acacia, the buoy tender in Grand Haven, out of there. And as much as we would like to keep a buoy tender or ship there, the tight operating budgets and the reduction in facilities did not have monies available to us and floating units did not permit that.

Unfortunately, in 1989 the Coast Guard cutter *Mesquite* was sunk in the Great Lakes and it was necessary at that time to initiate a change a bit sooner, and the *Acacia* was moved up to Charlevoix. That put it much, much closer to its operating area, saving about 700 hours a year of steaming from Grand Haven. The nearest buoy is four hours away; the average buoy is 12 hours away. So this is evidence of us doing what you have instructed us to do this morning, to manage our resources in the best possible way.

Unfortunately, that has left Grand Haven without a Coast Guard ship at the present time. And I think certainly we would like very much to be able to put a Coast Guard cutter there, but in the face of the budget realities and the need to provide service to all the people in the Great Lakes, we feel at this time that this is not a prudent thing to do.

COAST GUARD CUTTER MACKINAW

Mr. CARR. Let me ask you a couple of questions about the Coast Guard's decision to retire the icebreaking cutter, the *Mackinaw*.

The Coast Guard's position has been that two 140-foot ice breaking tugs could work in tandem and handle most of the ice breaking needs in the Great Lakes, however, throughout much of the country, and no less the Great Lakes, we have been through one of the coldest winters in recent memory, which has frozen many of the shipping lanes over solid. And while we may not have a winter quite as severe as this winter for some time, we cannot predict the future. And I am told that commerce in the Great Lakes would be seriously disrupted if we were not able to rely on the *Mackinaw's* considerable capability.

While the *Mackinaw* has more capability than is perhaps needed many days of the year and in some seasons when the ice does not form quite as extensively, the fact of the matter is on the margins, industry and jobs depend on the ability of the shippers to get ore to the blast furnaces and to get oil to the homes that require heating oil. They tell me that the shipping tonnage is not adequate to plan for this kind of eventuality, and, even if it were, the storage facilities on land to handle the increased loads would not work out.

So, apparently, the shipping potential in the Great Lakes to move iron ore and grain and sand and all the other things they move is sized to have a certain number of shipping days, and a winter like this could close down that capability if the *Mackinaw* was not able to be there to assist it.

I appreciate the fact that the *Mackinaw* is getting very old and costs a lot of money, but I am wondering if in light of this winter and the economic statistics that are so important to the entire region, not just my State but Illinois, and Wisconsin, Ohio, whether it is possible to get the Coast Guard to reconsider its plan to deactivate the *Mackinaw?*

Admiral KIME. Well, Mr. Chairman, let me begin by saying we share your concerns for the economic health of this entire country, and certainly the Great Lakes' regions and the examples you have indicated of the importance of maintaining the shipping season in the Great Lakes from the first of April until the 15th of January in the following year are extremely important. I can't verify the ability of the industry there to take other action, as far as more storage space either for ore or for oil or other products that move.

We have looked at this very carefully and even after this winter, still believe that the six 140-footers to be placed in the Great Lakes will enable us to continue to do the job.

Mr. Chairman, we think there is concern expressed about the 140-footers, but due credit has not been given to their capability. We have also received concern about the reliability of these cutters, and before the next ice season the generators aboard them will be replaced, an area of concern, and this budget provides for a seven man assist team to go along with increasing the maintenance capability.

Mr. Chairman, let me say that our belief in what the 140-foot cutters can do is based on over 15 years' of operating experience with them and, in addition to that, with testing that was done in

1981 by the Coast Guard Research and Development Center in running the *Mackinaw* against the 140-footers.

In addition to this, Mr. Chairman, we are bringing two new oceangoing buoy tenders into the Great Lakes that will have ice breaking capability, and I have asked my people to take a look at the structural design of these to see if in the future we cannot make modifications to them to make them even more capable in what we do.

As I said, Mr. Chairman, sometimes the view is felt that the 140-footers are less than able to do the job, and there is a disagreement between the Coast Guard and the industry there, and certainly one we need to continue to address.

But let me also say sometimes there is a belief that the *Mackinaw* can do things that really it cannot do. There are conditions where no icebreaker can do the job, and we recently had one up in the Neah Bay in Lake Erie working for a week to break out the vessel, the Kay Barker, and we had significant rafting of ice and ridging and northwest winds. And we even brought down two Canadian ice breakers, the *Risley* being one which is basically comparable to the *Mackinaw,* and we had no success. And when the wind shifted it opened up and the vessel left.

We would like to continue to work with you, Mr. Chairman, and with the community in the Great Lakes to see what can be done to resolve this issue in a way that is satisfactory to everyone. The operating expenses for the *Mackinaw* per year are $4.5 million, and that represents, to give you an example, 14 Coast Guard shore stations, it represents two oceangoing buoy tenders, four of the 140-foot ice breakers, eight 82-foot patrol boats, three Falcon helicopters—any of these, not all but any of these—two HH–60Js, or three HH–60 helicopters of the kind we have in Detroit. So money is certainly of concern to us.

We would like to work with you to find the most cost-effective way to provide the ice breaking services that are so necessary. We believe that our proposal is a good one. We think it is a valid one. We would like to continue to work with you and the industry to see if perhaps a better way can be found.

COAST GUARD CUTTER MACKINAW

Mr. CARR. Well, keeping in mind that this Committee does things on a cost benefit analysis, are any of those 14 shore stations in districts of Members of Congress that have voted against our bill? I want to get some easy savings here.

Admiral KIME. I will let that hockey puck roll by, Mr. Chairman, and answer by saying that we are looking at shore stations. I mentioned 14 and these would be 14 additional ones, as a potential offset for $4.5 million to keep the *Mackinaw* going if we did not get additional funds, and we have talked about how difficult those are to get.

Any change in shore stations is going to be done through the unit change guide which Mr. Li talked about and we will not have a report on that until the 15th of April.

Mr. CARR. You know, the Great Lakes' shippers are united in their view, as you pointed out, that the 140-foot tugs cannot handle things like windrows. That is a situation where you get giant slabs of ice that the winds pile up one on top of the other. Is that accurate?

Admiral KIME. We believe that the capability of the 140s to handle windrows up to 10 feet is there, just as it is with the *Mackinaw*.

As I pointed out in the example I gave on Lake Erie, there will be some cases where no vessel can handle this. We also think there is a synergism by having another vessel up there, the 140s operating in tandem. I believe that plus the agreements we have with the Canadians about the use of the *Risley* and other icebreakers compensate for the loss of the *Mackinaw* in this particular area.

Mr. CARR. It has been suggested that the *Mackinaw* might be able to be operated as a seasonal vessel activated only upon the opening of the navigation season and may be crewed by a combination of Coast Guard Reservists and active duty personnel. Have you investigated this possibility at all and, if so, what would be the annual cost compared to a full-time activation with an active duty crew?

Admiral KIME. We have looked at it, Mr. Chairman. I would have to speak to the cost for the record and will do that.

Let me say for the maintenance cost, as I testified last year, if we are going to keep the *Mackinaw* in service for another five or six years, we are talking about $15 million in this very precious acquisition, construction and improvements budget we are talking about.

There are some practical problems with an old vessel like this, maintaining it with a part-time crew like that, and operating under conditions we are talking about, where the aids to navigation on the lakes, in fact, are not as reliable in the wintertime because of the ice conditions, where we are operating close in to ore carriers and tankers and sometimes as close as three feet.

So to do this with a part-time crew on a part-time yearly basis poses some real problems to us, not only for the operation but for the training of the crew and the maintenance to the vessel. Specific numbers I will give you for the record.

[The information follows:]

The Coast Guard will conduct a study to review alternatives to provide icebreaking services on the Great Lakes, including seasonal operation of *Mackinaw*. In addition to Coast Guard operational personnel, the study group will also include members of Congressional staff and representatives of private industry.

Our previous review of *Mackinaw* options during the 1990 Ship structure machinery evaluation board indicated in excess of $40 million (1995 dollars) would be necessary to reduce crewing. Because of *Mackinaw's* complex engineering plant, this same project would be required to ensure continued reliable operation of *MACKINAW* with a part-time or reserve crew.

A small full-time crew would still be required on *Mackinaw* to conduct maintenance and to maintain proficiency on cutter systems. The study mentioned above would identify the minimum personnel requirements and associated costs for this option.

Mr. CARR. Well, you might want to answer this one too for the record. If the Congress were to decide that the *Mackinaw* should be operational during the next winter season, we will need to know what actions need to be undertaken and funded in fiscal year 1994.

Admiral KIME. I will provide that for you now, Mr. Chairman.

Mr. CARR. Okay.

Admiral KIME. As you know, funding ends on the end of June for the *Mackinaw* and to continue to operate the *Mackinaw* through this fiscal year would require about $1.8 million.

Let me stress something else that is not just in dollars. I mentioned that people are a very important part of my guidelines for running the Coast Guard. These people are now scheduled to be transferred. They have kids in school, they have wives and jobs and the funding runs out at the end of June. We do need to make preparations to transfer our people and I don't think it is fair to our people to have them jerked around. So we do hope if the Congress does intend to provide additional funding for fiscal year 1994 in a supplemental, that we can work with you to do that so we do not have an adverse impact on our people who have provided such a great service up in the Great Lakes.

Mr. CARR. Well, I would certainly agree with that.

What opportunities are there in the next literally few weeks to have a demonstration, if you will, to the satisfaction of the shippers that the 140-foot tugs will do the job?

Admiral KIME. Well, certainly there will be the opportunity to run two of the 140s next to the *Mackinaw* in various areas to do a demonstration. At the same time, that is going to take vessels away that would be breaking out elsewhere, so it is going to slow down the shipping season up there.

Mr. CARR. I would like to work with you on that. I know one of the things that has to be kept in mind is that you have a huge multibillion dollar economic combine of pulling iron ore out of the ground and getting it to blast furnaces and the ore carriers are an essential ingredient in that, and the shippers, whether it is ore, grain, oil or whatever, really must have confidence that they can get their goods from where they are to where they need to be to keep our economy going. This is not just an equation of saving a little money on the *Mackinaw*. It is what are we saving in terms of the entire productivity of the economy.

And the confidence that the shippers have is a key ingredient in this thing. There will always be some folks who will have other reasons for wanting this, that or the other thing, but it seems to me the real key element here is do the shippers, do the users of these vessels have the confidence that they are going to be able to operate.

It seems to me that anything that you can do with the next few weeks of ice breaking to demonstrate the capability of the 140s, it might prove the case one way or the other.

I might say I am going to, in this period of time, be watching and listening very carefully. Maybe I can even get up there and see some of that myself. I am not real sure about how all that happens and I would be fascinated, I think it would be real interesting to find out. We are about to enter into a couple of weeks when we can put some of this to the test, can't we?

Admiral KIME. We will see what we can do about putting together a plan and not interrupting other things, Mr. Chairman. We certainly want to see the confidence in the industry at the level that it should be, and we recognize, as I have stated before, this morning, the importance that we view also with maintaining the economy in the Great Lakes. We believe that it needs to be done in a cost-effective way, though, and certainly the industry does need to recognize that asking for anything that does not cost anything is easy to do.

Perhaps there is a user fee mechanism we could put into place here. That has been proposed before for a sharing of the burden, because right now the general population of the country is supporting the *Mackinaw* at the rate of about a quarter of a million dollars per day of operation. It is a very identifiable group of people, a service, and, as you mentioned, it is the big steel companies and the oil companies.

But I think with all these things taken into consideration and working together during the next few weeks, as I have indicated before, a willingness to do, perhaps we can make some progress on this issue. But before I end my comments on this, I would like to say that the $1.8 million I gave you was just to keep *Mackinaw* in operation to the end of this fiscal year.

MACKINAW FUNDING

Mr. CARR. In using this public forum, I think it is a fair statement that the *Mackinaw* should be kept in service one more season and the people up there should be prepared not to move. We need some time to sort this one out, and I would have hoped we would have sorted it out over this last year. I am sorry we have not. I don't have confidence at the appropriate level to jump to the 140-foot tugs. Maybe in the next few weeks we can build some of that confidence, but I would say that in this particular game the burden is really on the Coast Guard to get that job done, because in the next few weeks, if we do not sense that there is shipper confidence that the 140-foot tugs could do the job, then this Member of Congress will fight very hard to see to it that we get another year out of the *Mackinaw*.

I do also have to say that we really need to focus on not so much the *Mackinaw*, the *Mackinaw* is a tool; the goal here is to keep the shipping season intact and that is where the focus has to be.

Admiral KIME. Yes, sir.

Mr. CARR. And we need to work real hard on making sure that that happens by whatever means. Everybody recognizes the *Mackinaw* is getting very old and expensive to maintain and we need to be searching for alternatives, and I look forward to working with you. We can work together.

Admiral KIME. We will work together, Mr. Chairman, and let me say if in fact, since the Congress cut off funding at the end of the third quarter of fiscal year 1994 on the *Mackinaw* based on departmental guidelines and guidelines we have agreed to with staff on reprogramming, if we were to continue, and this would require an official reprogramming with an offset, it is obvious something that we are doing now is not going to get done.

It is a zero sum game unless there is a supplemental appropriation to keep the *Mackinaw* going up until the next fiscal year. And then after that, of course, we would hope that the funding, if it is deemed by the Congress necessary to keep it going, does not come at the expense of other things because, again, it could be a zero sum game.

Mr. CARR. My answer to that would be that we would take it out of some dead demonstration money.

Ms. STOLL. How come I knew you were going to say that?

Mr. CARR. It is funny but this money is laying around. There are literally millions of dollars in accounts frozen for highway demonstration projects that will never be built. In fact, we found a couple that the project had already been built and the state did not know the demonstration money was there for it and they cannot use it. It is literally laying around in these dead accounts that cannot be used for things that are necessary.

So I think there are plenty of ways to get the reprogramming money if we have the political courage to fight a few powerful Members of Congress. I have many more questions but I have already had a lot of time and I want to call upon my friend from North Carolina.

RESEARCH AND DEVELOPMENT PROJECT DEFINITION

Mr. PRICE. Thank you, Mr. Chairman.

Admiral, welcome, and I would like to focus on a couple of things, including the research and development aspects of the budget, that you and the GAO witnesses last year discussed in some detail. The tenor of that discussion was that the Coast Guard needed to look carefully at its definition of research, the way it set research priorities, the way research relates to the overall mission of the Coast Guard.

Last May the GAO reported in more detail the Coast Guard lacked two essential elements needed for selecting R&D projects. First, a clear definition of research development test and evaluation to guide the project selection process; and, secondly, an R&D plan that establishes priorities agency-wide and links proposed and ongoing projects to the agency's missions.

The GAO concluded the Coast Guard did not have sufficient management tools to manage the R&D center including a management information system to monitor the project performance and the ability to evaluate how R&D furthered Coast Guard missions.

You agreed to take corrective action. In preparing this year's budget request, did you utilize an altered or sharpened definition of R&D projects? And if so, did this new definition result in the deleting or restructuring R&D projects.

Admiral KIME. Well, Mr. Price, let me say that I appreciate the opportunity to enter into a dialogue on this issue with you, because we both believe it is important, and I want to thank you for your help in helping us focus on it.

Some significant changes have taken place in the Coast Guard R&D program since we discussed this issue at the hearings last year. First, a definition of Coast Guard R&D has been developed. We were working on doing that, and at the time that the Chairman personally offered an amendment to the Coast Guard authorization bill that recommended specific language, we worked with him and the language did appear in the authorization act, and it does very clearly specify the bounds of Coast Guard research and development and does give us the authority to do it, and for that we thank him and the other Members who worked on that.

Next, I went back after the hearing last year, Mr. Price, and took a look at Coast Guard R&D and brought together a focus group headed by a Coast Guard flag officer to take a look at how we are doing R&D, to look at the individual concerns. You listed several of them there just a minute ago that we should be looking at. And as a result of that, we put together three quality action teams and the reports from those quality action teams will be finalized very shortly and although not required, I am going to report those to the Chairman and to yourself and also to the Appropriations Committee and the Senate to look at.

We looked at three areas, RDT&E definition and appropriation usage, management effectiveness, and, third, long-range planning, and I have the draft of some of these reports here. One is an instruction on RDT&E appropriation use and, yes, this information as it was being developed was used as best it could for the development of the RDT&E appropriation request for fiscal year 1995 and specifics, Mr. Price, I will have to give you for the record.

In addition, we talked about management effectiveness and improvement and I have a draft report here that talks about that. It is extensively—it is very extensive and detailed that looks into this particular issue. And, of course, finally long-range planning. I don't have a copy of the draft of that with me, but that has moved along also. So before the summer we should be able to present you with that. We think we have made some very significant strides in that those three areas.

Mr. PRICE. Good, we look forward to seeing that material.

[The information follows:]

The results from the three quality action teams will be available as follows:

RDT&E DEFINITION AND APPROPRIATION USE

Commandant Instruction available 30 June 1994.

Quality Action Team report available late summer 1994.

MANAGEMENT EFFECTIVENESS IMPROVEMENT

Recommended improvements and implementation plan available 31 August 1994.

Quality Action Team report available late summer 1994.

LONG RANGE PLANNING

Amendment to Coast Guard Planning and Programming Manual dealing with R&D planning process integration available 30 June 1994.

Long-Range R&D Plan available 30 June 1994.

Amendment to Coast Guard Planning and Programming Manual dealing with the R&D Measurement Process available 30 August 1994.

Quality Action Team report available late summer 1994.

R&D CENTER MANAGEMENT INFORMATION SYSTEM

Mr. PRICE. How is this related to the new management information system for the R&D center? What is the cost? How is it reflected in this budget submission?

Admiral KIME. We have looked at that, Mr. Price, and done an initial analysis and we agree that a management information system for R&D would provide cost savings, perhaps the cost benefit ratio as high as 3 to 1.

And we have looked at how we might go about doing this, whether we would do it in-house or through a contract or purchase something off the shelf. We believe that the cost of this is going to range anywhere from about $0.9 million to about $1 million. We must do a further study on this to see which method we ought to use and just exactly what the system should entail. To do that is going to cost about $250,000.

Let me say that there are no specific funds earmarked in this budget to either purchase the system or to do such a study, but we do have in there funds of $250,000 for select projects which could be utilized to do the study necessary so that we could begin the process of actually getting the management information system for R&D in fiscal year 1996, and we are going to continue to look at that to see if and where those $250,000 should be spent.

RESEARCH REQUEST

Mr. PRICE. You say this work on developing a new definition, new priorities, new prospectus for your R&D efforts, you say that has influenced some of the particulars of this year's budget request. I am looking at your request for a reduction from 1994 levels overall, from $22.5 to $20.3 million, and then within that some significant shifts of priorities, aids to navigation, down considerably, marine safety way down.

There may be other trends here I am missing. Can you give us some kind of general view of what is driving those priorities; whether this is broader reevaluation or more particular factors?

Admiral KIME. Let me address it in two ways, Mr. Price. First is the absolute amount we requested of $20.3 million this year. That is about a 10 percent reduction. That was done for two reasons: One, in recognizing that R&D should take its fair share of the cutbacks that are necessary, part of the balancing to meet the goals and the targets we must meet for this year's budget, and part of the balancing that we did in arriving at that.

The other driving force in the absolute amount was recognition that this committee had raised some significant concerns. We are working on those. We felt there were improvements that needed to be made and took that into consideration in the level we asked for.

We would expect that next year we will be coming back for an increase, a percentage increase in R&D because we think that is absolutely necessary. I would have to respond for the record for the specific examples that you gave in various programs as to why they were increased or decreased. What we tried to do is see where in fact we are in any particular program at any particular time and what the priorities are.

You talked about aids to navigation. In the past, that has been a heavy user of R&D funds. The solarized aids to navigation helped us do away with batteries and saved money and protected the environment. Certainly, that is an outcropping of this. The Global Maritime Distress and Safety System, EPIRBs, the satellite locatable data marker buoys all came out of this for search and rescue and aids to navigation.

So these are areas where I think that we have worked very heavily in. Each year we have to assess what we believe are the greatest needs and where we can produce an effective product in the short-term, that is also a consideration. I can speak, though, for the record more specifically about some of the projects that you have talked about.

Mr. PRICE. That would be helpful. It is a rather striking decrease in the marine safety area, for example. There may be a good explanation for that, but it is not apparent in these materials what the rational for that is.

[The information follows:]

R&D funding for projects involving aids to navigation (ATON) actually increased as shown by an examination of direct project funding in fiscal year 1995. The figures cited from page 195 in the fiscal year 1995 request ($3,494,000 in fiscal year 1994 and $2,854,000 in fiscal year 1995) include a prorated distribution of "multi-mission" project dollars and program support/personnel costs among the seven mission areas. The apparent decrease in ATON research reflected in that table from fiscal year 1994 to fiscal year 1995 is due to a change in the percentages used to calculate this prorated distribution. A better comparison would be direct project funding (not including multi-mission and program support/personnel) for ATON research of $1,325,000 in fiscal year 1995 (page 196) and $1,240,000 in fiscal year 1994.

In the area of marine safety (MS) research, a similar examination of direct project funding shows a decrease in funding due to normal, year-to-year project workload shifts; however, there is no change in the relative priority of MS research. The figures cited from page 195 in the fiscal year 1995 request ($4,649,000 for fiscal year 1994 and $2,408,000 in fiscal year 1995) include the same prorated distribution of multi-mission project dollars and program support/personnel costs as explained above for ATON research. Direct project funding for MS research (not including the prorated multi-mission and program support/personnel) is $1,415,000 for fiscal year 1995 (page 196) and $2,225,000 for fiscal year 1994. However, in fiscal year 1994, Coast Guard cutter fire safety technology research ($300,000) was included in the MS research program area. In the fiscal year 1995 request this project work ($350,000) was considered to be more appropriately included in the servicewide safety and environmental compliance line item. This shift accounts for much of the decrease in marine safety research funding between fiscal year 1994 and fiscal year 1995.

IMPACT OF BUDGET RESOLUTION

Mr. PRICE. Admiral, we just passed the House budget resolution. This is the earliest to complete work and with relatively few modifications from the administration's request. But in reaching the target figures and particularly in coming up with the $3 billion shortfall, we did make a further cut in the AC&I account for the Coast Guard of $100 million. That is not binding. It is something this Subcommittee will need to look at in overall amounts and the kind of priorities we want to set. Nonetheless, the House budget resolution assumes either a cut of this magnitude in AC&I or equivalent savings elsewhere. Can you tell us what impact that kind of cut would have on your missions?

Admiral KIME. Thank you, Mr. Price. Let me say that I mentioned previously that we were pleased that the Senate was able, in passing their budget resolution, not to see a need for such a significant cut in the Coast Guard, which really would have been this—AC&I represents going down to about 60 percent of our average funding for AC&I over the last 10 years.

Mr. PRICE. Before you begin, let us put it in perspective, though. How does this compare to the increase you would have otherwise had?

Admiral KIME. It is really about $132 million below the President's budget request and it takes us back to what is the lowest AC&I request in over 10, perhaps 15 years. It could have a dramatic impact in what the Coast Guard is going to be doing in

AC&I. Of course, it depends upon how it is earmarked further by the Congress in whatever action is taken.

First, let me say we hope Congress, in conference, will move towards the Senate position. Secondly, let me say if we do take a cut of this nature, it could have a dramatic impact on our major procurement efforts, the new buoy tenders, the new patrol boats that we are talking about, the motor life boats, things that are desperately needed for vessels that are sometimes in excess of 50 years old. Certainly, it would make it difficult to provide money for *Mackinaw* for keeping her in service.

These are going to delay contracts, Mr. Price. They are going to increase the cost of them. Shipyards will not be operating at an effective contract level where they can have a stabilized effective work force that takes advantage of a learning curve. It is going to require us to continue to operate old, high maintenance intensity vessels for a long, long period of time. Also, not take advantage of the opportunities, such as I discussed with the new buoy tenders, of reducing the total number of 37 and saving $25 million and 500 people in operating expenses.

And let me, Mr. Price, give you an example of what is happening with the 82-foot patrol boats that are now averaging about 28 years of age. The cost to operate and maintain and repair these has doubled in the last five years. The efforts for unscheduled repair and maintenance has tripled in the past 10 years, and we are facing some major expenditures to keep them operating.

So all in all, Mr. Price, we think this is not a wise use of money. We think it is not investing in the future. I know perhaps it is an easy decision because the impact of this will occur later and maybe none of us will be around to reap the benefits of those, but I think we are mortgaging the future by taking actions like this, and we would hope that the Congress will, certainly the House will, take a look at this because we think it bodes very poorly for the Coast Guard.

I stated in my testimony and for the public that we serve most importantly, that my number one priority and concern for the Coast Guard as I leave this job is the future of our capital plant, and we are robbing the future if we do take this kind of cut. I can't state strongly enough how concerned I am about it.

Mr. PRICE. It is obvious you feel strongly about it. That is an effective statement we will consider very carefully.

I do want to be clear on how the administration request compares to 1994 levels.

Admiral KIME. The administration's request was for $439 million. I used the figure $307 million. There was $20 million that was juggled by the Congress last year from one year to another, so what we actually got in new spending authority was $307 million.

Now, last year's request was for $414 million.

Mr. PRICE. A significant increase is being requested and the budget resolution would wipe that out?

Admiral KIME. Yes, sir, it would. In fact, it would take us back to the lowest level in about 15 years and this would have a significant impact on what we are trying to do, the economies that we are trying to reach overall. We have tried to balance our budget across the lines. I mentioned what we are doing with R&D and operating expenses and AC&I, and this throws that balance quite askew.

ENVIRONMENTAL COMPLIANCE AND RESTORATION

Mr. PRICE. Let me turn to an important mission, environmental compliance and restoration. I know you have ongoing activities, you have instituted practices to prevent future pollution at Coast Guard facilities, and you have major cleanups underway.

I know we do not have the time to go into a detailed report on that here, but I wonder if you could highlight it? Could you give us a sense of the scope of the environmental restoration task confronting you and what you have been able to accomplish? What funds will be required to complete this task?

Admiral KIME. Well, Mr. Price, we do think that in the future we are going to have to request funds to clean up Coast Guard facilities in several areas where our practices were consistent with those of society, I think, and one of the first things we are doing is to make sure our processes for the future change. In those particular areas, we have, I think, taken some significant steps.

As far as what we are doing for the sites that we have, I would like to provide for the record some detailed information on specific sites that we are using the EC&R money for right now.

[The information follows:]

Following is a list of sites where environmental compliance and restoration (EC&R) funds were spent in fiscal year 1993 and prior years on environmental cleanup projects. Efforts on most of these projects were carried forward into fiscal year 1994. There are additional projects on our backlog that are not listed below because they have not yet been funded. Greater detail for every project on our backlog can be found in our fiscal year 1993 EC&R report to Congress.

STATE	SITE	Funds Spent in FY93 and Prior Years ($000)	Out-Year Funding Needs ($000)
ALASKA			
	Support Center Kodiak	15,342	46,136
	Base Ketchikan	107	1,040
	LORAN Station Tok Junction	195	85
	Marine Safety Office Valdez	44	836
	Aviation Support Facility Cordova	31	50
	Air Station Sitka	82	256
	Various Discontinued LORAN Stations in Alaska	50	695
	LORAN Station Port Clarence	48	340
	Various Lighthouses in Alaska	100	150
	Air Station Kodiak	3	0
CALIFORNIA			
	Station Bodega Bay	216	151
	Support Center Alameda	92	170
	Station Fort Point	25	305
	Group Monterey	35	75
	Air Station San Francisco	120	495
	Support Center San Pedro	122	155
	Air Station San Diego	2	165
	Station Humboldt Bay	17	260
	Training Center Petaluma	712	495
	San Clemente Island	7	150
CONNECTICUT			
	USCG Academy	168	55
FLORIDA			
	Base Miami Beach	189	100
	Air Station Miami	556	100
	Station Panama City	157	110
	Station Fort Lauderdale	4	75

STATE	SITE	Funds Spent in FY93 and Prior Years ($000)	Out-Year Funding Needs ($000)
FLORIDA (Continued)	Air Station Clearwater	83	290
	Station Cortez	97	111
	Station Lake Worth Inlet	72	88
	Station St. Petersburg	102	0
	Communication Station Miami	21	98
	Various Lighted Aid Sites in Tampa Bay	46	433
	Station Fort Myers	4	60
	Station Fort Pierce	74	125
	Station Key West	51	100
GEORGIA			
	Air Station Savannah	31	65
	Station Tybee	12	115
HAWAII			
	Omega Station Hawaii	1,264	725
	Base Honolulu	16	3,070
	Laau Point Light	52	100
ILLINOIS			
	Air Station Chicago	33	0
INDIANA			
	LORAN Station Dana	59	0
KENTUCKY			
	USCGC Chippewa Mooring Facility	316	200
LOUISIANA			
	Station Venice	25	25
MAINE			
	Light Station Burnt Island	9	0
MARYLAND			
	Station Annapolis	234	100
	Station Curtis Bay	5	280
	Coast Guard Yard	82	485
MASSACHUSETTS			
	Air Station Cape Cod	2,919	5,850
	LORAN Station Gay Head	60	326

STATE	SITE	Funds Spent in FY93 and Prior Years ($000)	Out-Year Funding Needs ($000)
MICHIGAN			
	Air Station Traverse City	11,544	4,650
	Search and Rescue Detachment Holland	103	0
	Group Grand Haven	210	10
	Thunder Bay Island Light	117	230
	Station St. Clair Flats	68	530
	Station Marquette	131	310
	Station Charlevoix	372	100
	USCGC Mackinaw Mooring Facility	193	60
	Station Manistee	214	275
	Station Saginaw River	98	550
	Whitefish Point Light	20	140
	Station Port Huron	19	60
	Station Portage	15	75
	Station Harbor Beach	15	5
MINNESOTA			
	Search and Rescue Detachment North Superior	74	35
MISSOURI			
	Base St. Louis	76	100
NEW HAMPSHIRE			
	Light Station Isle of Shoals	4	1
NEW JERSEY			
	Group and Station Sandy Hook	180	0
	Station Barnegat	14	250
	Training Center Cape May	122	321
NEW YORK			
	Air Station Brooklyn	723	1,830
	Support Center New York	47	700
	Station Niagara	74	220
	Station Fort Totten	8	0
	(Former) Radio Station New York Annex	17	0
	Station Rochester	20	50
NORTH CAROLINA			
	Support Center Elizabeth City	6,163	29,240
	Station Ocracoke	100	70
	Station Oak Island	300	220
	Station Coinjock	80	200
	Group Cape Hatteras	295	10
	Station Hatteras Inlet	190	40
	Base Fort Macon	117	100
	LORAN Station Carolina Beach	68	5

STATE	SITE	Funds Spent in FY93 and Prior Years ($000)	Out-Year Funding Needs ($000)
OHIO			
	Station Fairport	69	40
	Station Ashtabula	25	65
OREGON			
	Station Depoe Bay	30	195
PUERTO RICO			
	Air Station Borinquen	80	313
	Base San Juan	26	0
SOUTH CAROLINA			
	Cooper River Range Lights	12	35
	St. Simons Sound Light	26	120
	Stono River Lighted Aids	6	320
	Winyah Bay Range Light	18	50
TENNESSEE			
	Oak Grove Landfill	181	2,700
TEXAS			
	Brownsville Channel Lighted Aids	9	590
VERMONT			
	Lake Champlain; ATON Battery Disposal Site	21	320
VIRGINIA			
	Reserve Training Center Yorktown	183	165
	Station Little Creek	288	145
	Cape Henry Family Housing	72	350
	Station Chincoteague	87	80
	Support Center Portsmouth	530	190
WASHINGTON			
	Station Neah Bay	134	335
	Point No Point Light	25	185
WISCONSIN			
	Base Milwaukee	266	245
	Cana Island Light	26	5
	Sturgeon Bay Canal Light	274	500

ENVIRONMENTAL POLICY STATEMENT

Admiral KIME. We put together a Coast Guard environmental policy statement that refers to the things that we are trying to do both as an enforcer of environmental regulations for the general public and also as an operating agency that must comply. I would like to present for the record also a copy of that.

[The information follows:]

A Commitment to Environmental Excellence

→ United States Coast Guard ←

UNITED STATES COAST GUARD
Environmental Policy Statement

As the Nation's expectations for a clean environment increase, and the stress on marine ecosystems continues to grow, we must each recognize our role to enhance the ecology of the world in which we live.

This document reflects the Coast Guard's commitment to protecting and enhancing our environment in many different ways. I encourage you to read this document, and join our efforts to provide a clean environment for future generations.

J. W. Kime

ADMIRAL J. WILLIAM KIME
COMMANDANT, U.S. COAST GUARD

THE UNITED STATES COAST GUARD COMMITMENT TO ENVIRONMENTAL EXCELLENCE

The world's oceans and marine ecosystems are resources vital to the continued social and economic well-being of the United States, indeed the very survival of the global community. As the Nation's primary maritime operating agency, and as a steward of the marine environment, the Coast Guard is working aggressively in partnership with federal, state and local agencies, environmental interest groups and private industry to provide for long-term environmental quality. Central to our environmental quality efforts are the preservation of marine biodiversity and the prevention of degradation to the marine ecosystem from landbased and sea-based activities.

With shore bases and qualified personnel along our nation's waterways, and a fleet of vessels and aircraft extending our influence throughout the Exclusive Economic Zone and beyond, Coast Guard is uniquely positioned to promote quality environmental partnerships. Our environmental program is multifaceted, focusing on marine emergency preparedness, transportation management, environmental law enforcement and pollution response.

The Coast Guard also has a rigorous internal compliance and restoration program, ensuring its own environmental integrity.

MARINE EMERGENCY PREPAREDNESS

The Coast Guard engages in a broad spectrum of preparedness activities, including a comprehensive research and development program, to ensure the effective and immediate response to manmade and natural marine disasters such as catastrophic oil discharges, hazardous chemical releases, shipboard fires and hurricanes. These preparedness plans:

- coordinate the responsibilities and pollution response capabilities for government, private industry and other organizations;
- target environmentally sensitive areas for special protection;
- identify necessary pollution response equipment and resource shortfalls; and
- document training and exercise schedules and requirements for government and marine industry personnel.

To reinforce the national policy that the "polluter pays", the Coast Guard develops requirements for owners and operators of vessels and facilities to:

- prepare and maintain pollution incident response plans;
- contract for the immediate availability of specialized equipment and qualified personnel to cleanup or mitigate the effects of a pollution incident;

- *certify their financial responsibility for the impacts of oil and hazardous materials discharged or released into the marine environment; and*

- *conduct and participate in response exercises to test and improve their preparedness.*

The Coast Guard manages the Oil Spill Liability Trust Fund to ensure prompt and appropriate funding to effect aggressive response operations.

The Coast Guard also participates in bilateral and multilateral international negotiations and agreements designed to protect living marine resources and polar regions from pollution incidents occurring from sources outside U.S. waters.

MARINE TRANSPORTATION MANAGEMENT

The protection of the marine environment requires a safe, effective and efficient national marine transportation system. To accomplish this, the Coast Guard:

- manages and regulates marine traffic by maintaining a national network of maritime aids to navigation and vessel traffic services;
- ensures the-safe movement of cargo through our ports by developing and enforcing operational regulations such as pilotage, personnel qualifications, tug escorts, and traffic separation schemes, as well as requirements for packaging, labeling, and handling of packaged hazardous materials and construction and stowage requirements for shipping containers;
- prevents discharges of oil or hazardous substances into the marine environment by regularly inspecting vessels operating in our waterways to ensure that they are seaworthy, fit for service, free of structural and mechanical failures and deficiencies, and pose a minimal threat to the environment;
- ensures that waterfront facilities comply with international and national standards regarding pollution prevention and safety;
- promotes the adoption of consistent measures to protect the marine environment by representing the United States at International forums; and
- operates our nation's polar icebreakers to support our national scientific and commercial interests toward preserving the environment in the polar regions.

ENVIRONMENTAL LAW ENFORCEMENT

Providing the at-sea enforcement necessary to reach our national goals for living marine resource management and conservation are essential to preserving environmental quality. The Coast Guard uses its resources, expertise and authority to enforce all U.S. laws and treaties relating to the marine environment. These include:

- enforcing fishery management plans designed to ensure the long-term sustainable use of our fishery resources and measures which protect endangered species and marine mammals;
- protecting critical marine habitat, such as marine sanctuaries, marine mammal rookeries, and other specially protected areas;
- monitoring compliance with international treaties and U.N. resolutions relating to the marine environment;
- enforcing national and international laws regulating the discharge of shipboard generated wastes to reduce marine debris and preventing the introduction of non-indigenous species into U.S. waters;
- regulating the operation of tankers and other commercial vessels in U.S. waters, as well as shoreside and offshore loading facilities; and
- maintaining an aggressive vessel boarding program; and aggressively processing violations seeking civil penalties or criminal sanctions.

POLLUTION RESPONSE

When environmental harm threatens U.S. waters, the Coast Guard coordinates response efforts using resources of all levels of government and private industry. The Coast Guard requires that industry take primary responsibility to maintain or contract for pollution response equipment for cleanup operations. To assist, the Coast Guard:

- maintains the National Strike Force, capable of deploying quickly to the scene of a spill to augment the On-Scene Coordinator's staff and equipment;
- maintains prepositioned and deployable pollution response equipment strategically located throughout the United States; and
- promotes worldwide pollution response through international agreements such as the International Maritime Organization's International Convention on Oil Pollution Preparedness, Response and Cooperation.

COAST GUARD COMPLIANCE

The Coast Guard is committed to an aggressive internal environmental program which fully complies with environmental laws and regulations. Just as we are a leader in environmental law enforcement, so must the Coast Guard be a leader in ensuring our own vessels and facilities, operations and personnel comply with environmental laws. Only by ensuring our own house and actions are in order will we continue to receive the full support of the American public and Congress in carrying out our missions.

Proactive programs and relevant actions will reduce the long term cost of remediation and potential personal liability. Such efforts include:

- institutionalizing environmental compliance as a command priority at every level within the Coast Guard;
- applying resources to mitigate Coast Guard generated contamination, to restore environmental quality, and to eliminate preventable contamination from pollutants and waste from our vessels, aircraft and shore facilities;
- employing innovative uses of technology to conserve resources;
- recycling; and
- procuring technologies and packaging that eliminate or minimize generation of waste.

COMMITMENT TO EXCELLENCE

As the nation's expectations for a clean environment increase, and the stress on marine ecosystems continues to grow from commercial and recreational use, it is essential that environmental quality be the responsibility of every person in the Coast Guard.

Every citizen has a responsibility to protect and nurture our environment, and the men and women of the Coast Guard have a special responsibility to:

- apply the highest environmental quality standards;
- prevent all marine environmental quality threats possible;
- search out threats to marine environmental quality while performing everyday missions;
- respond to threats to marine environmental quality; and
- continually work to improve our pollution response actions through an aggressive program of follow up and analysis.

With this as a foundation, the United States Coast Guard, in partnership with the American public; federal, state and local agencies; environmental groups; the marine industry; foreign governments and international organizations will vigorously pursue environmental excellence.

POLLUTION PREVENTION AND WASTE MINIMIZATION PLAN

Admiral KIME. We have just about completed a comprehensive Coast Guard-wide pollution prevention and waste minimization plan. In addition to that, some of the things that we are doing is getting rid of the refrigerants that have an adverse impact on the ozone layer for both our shore facilities and our ships. We are developing waste handling systems for our cutters, both for trash and for garbage and the *Polar* class icebreaker should have a waste handling system installed in 1995 on the first one.

And we are also looking at engine emissions. Obviously, I think you are aware, California has the lead in reducing nitrous oxide and sulfuric oxide emissions and particle emissions from vessels, and we have mounted an effort to do that also.

We believe that the EC&R budget, now at about $25 million, is proper for this year, but certainly in the future we will be coming back for amounts at least this large to meet the legal commitments that we have in environmental cleanup and the responsibilities we have under law of preventing future contamination of the air, the water, or the land.

Mr. PRICE. We move ahead in large ways and small. Some of your people in North Carolina have developed a way of cleaning planes that uses about 90 percent less detergent. How to you share that kind of information and develop a way of sharing environmental protection lessons with other Coast Guard stations and other Federal agencies.

Admiral KIME. We are trying to do that, Mr. Price, and the example you cite is a very good one, it is an example of what I think we are trying to instill in our people, an awareness of the environment. And I think young people inherently have that and I think this is an indication of putting that into practice.

One of the things that we are doing is trying to share the lessons, the good lessons we have learned with all the people in the Coast Guard.

Mr. PRICE. Thank you. Thank you, Mr. Chairman.

Mr. CARR. Mr. Coleman.

DRUG INTERDICTION

Mr. COLEMAN. Thank you, Mr. Chairman.

Admiral, good to see you again. I wanted to ask you, first of all, about the discussion that has been going on about the Coast Guard's drug seizure efforts. I know there has been overall I guess a lot of discussion within the administration about the effectiveness and role of interdiction itself. I was interested in your, perhaps your statement with respect to these activities, with particular emphasis on the impact that this budget reduction in this area may cause you.

Admiral KIME. Well, Mr. Coleman, I think interdiction forms a very vital part of every national drug control policy that this country has developed, both under President Bush and President Clinton. I had the privilege of being in Prince George's County when the President unveiled his drug control policy this year and he spoke very strongly about the importance of interdiction as one of the key elements in it. I think Dr. Lee Brown, who is head of the

Office of National Drug Control Policy, has also made that statement.

The administration has just completed a review of our drug interdiction policy and will soon be publishing an international policy and, in general, has promulgated Presidential Decision Directive 14, which, unfortunately, is classified, but indicates the role that interdiction should play in this particular area.

One thing that PDD does is to establish some new organizational structures in the federal government to make certain that we optimize and maximize the effectiveness of the interdiction effort, and an interagency working group has been set up, which the Coast Guard participates in, which is chaired by the Assistant Secretary of State for International Narcotics Matters, Ambassador Bob Gelbard. It also sets up a U.S. interdiction coordinator.

Dr. Lee Brown has asked, and I have accepted the designation to be that person, and there my responsibilities are to ensure that adequate resources are available; that they are integrated together among the various agencies as far as location and usage is concerned, scheduling, and that their usage is maximized; and if in fact there are not sufficient resources, that I assist Dr. Brown in the budget process to see that there are resources made available. I met with Dr. Brown on Friday. We are well along towards establishing that, and I would be pleased to give you, since a lot is classified, a detailed briefing of how that is coming.

Cooperation between the agencies has been outstanding. This will not be a layering; it will be a small staff and will also make use of existing staffs that are available.

Now, to get down to the resource question. We are concerned about the cuts that are taking place in the budgets of the various agencies involved in drug interdiction, not just the Coast Guard. Let me say that because it is a combined effort, DOD has received significant cuts, the Customs Service, and certainly the Coast Guard, from an initiative originating in this Committee, took a $9 million cut in our drug interdiction resources, and there are cuts that are taking place in the budget in fiscal year 1995. We do think they are having an adverse impact on our effort.

We think we need to maintain, certainly at least the current level of our drug interdiction efforts. For the part of the Coast Guard, because of the demands being placed upon our resources by the drawdown of DOD, where their presence in the Caribbean has significantly been reduced, and by the demands placed on us with the problems in Haiti, both the embargo passed by the United Nations and of course Operations Able Manner to prevent a massive life-threatening outpouring of people from Haiti.

But even in the face of this, let me say that if we were able to solve the budget problem or the problem in Haiti this year, we would be able to divert resources from that and bring us back to the fiscal year 1992 level, which is about 14.9 percent of our operating budget.

In addition to that, let me say we have worked very closely with the intelligence community in trying to work just as smart as we can, and in that regard I think the statistics so far this fiscal year place us in a better position than we were at this time both in fiscal year 1992 and fiscal year 1993. So although the resources have shrunk and that we indicate we do not believe there is much room for them to shrink a great deal more, we want to tell you and the Congress who are appropriating the funds for this that we are making the maximum utilization of the resources and funds given to us.

EL PASO INTELLIGENCE CENTER

Mr. COLEMAN. In that regard, do you have a person stationed at EPIC, the El Paso Intelligence Center?

Admiral KIME. Yes, we have a number of people stationed at EPIC and we continue to keep those people there.

Mr. COLEMAN. That was my recollection. I was trying to recall that.

That whole area of interdiction, I think it is worthy of note that there are a lot of Members who, after hearing the President's and the administration's position, do not disagree that we have to do things smarter, but at the same time know that in the war, if we are going to conduct one on drugs, that we have to do it on all fronts and not eliminate our efforts or not reduce our efforts in the area of interdiction to the point where there is no risk associated with those who would unlawfully bring controlled substances into the United States.

Admiral KIME. Couldn't agree with you more, Mr. Coleman.

NORTH AMERICAN TRANSPORTATION SUMMIT

Mr. COLEMAN. Let me ask also, then, I know that the Secretary of Transportation is convening a North American Transportation Summit with representatives from Canada and Mexico, and I was going to ask you whether or not you were aware of any issues to be discussed at this meeting that concern the Coast Guard specifically?

Admiral KIME. Yes, this has been an initiative by Secretary Peña to convene the meeting after the passage of NAFTA, and there will be issues that the Coast Guard will be involved in. The Secretary is approaching this summit from an intermodal point of view, obviously, as he is approaching his national policy that way in tying America today.

We have had ongoing dialogue and numerous agreements with both the Canadians and the Mexicans and these issues will be discussed as part of that. Search and rescue, law enforcement, protection of the marine environment, I think are three that come to mind immediately.

Mr. COLEMAN. Harmonization programs of safety regulation standards.

Admiral KIME. Yes, absolutely that is, and I appreciate your reminding me of that, that is one where we are hoping to get the Mexican Government to ratify some international treaties we think will help both in the environmental area and in the area of safety.

Mr. COLEMAN. In terms of cost as well, I was wondering whether or not the issue of reimbursement between countries is something that might be considered or something that should be put on the table, in your view?

Admiral KIME. I don't know if that has been considered at all, Mr. Coleman. I would refer to Ms. Stoll if she would know if there has been any——

Mr. COLEMAN. Secretary Stoll, glad you are here again. I think it shows the importance the administration places on the overall budget matters here. Welcome.

Ms. STOLL. Thank you. The summit, so-called NAFTA summit is actually scheduled for this Friday, the 25th. It is an all-day set of workshops and discussions on a number of issues, and the issue of reimbursements will come up in several instances, and this is probably one of them.

Mr. COLEMAN. I know that that issue in terms of health care has been brought up from time to time as well and I think it is not wrong for us in these tough budgetary times, as has been alluded to in all of the questioning and the answers this morning, one that I think certainly deserves some consideration. Whether it is money flowing from us to another country or vice versa, I think it is a legitimate area of discussion.

What our Coast Guard men indeed do with respect to, for or on behalf of citizens of other nationalities and other nations, I think are certainly things that we should seek reimbursement for, oftentimes because it is costly and it is not free. And so I think that is appropriate, and I would appreciate hearing more about that perhaps following the summit and see what kind of discussions did go on.

Ms. STOLL. I will be happy to report back to you, sir.

Mr. COLEMAN. That would be great.

MINORITY TRENDS IN WORKFORCE

Mr. COLEMAN. Last year I did ask a question about, Admiral, about women and minorities in active duty and within the civilian work force. I think in correcting one of my questions, as I recall, my concern was about a decreasing number, and you pointed out that was not the case but in fact you thought that perhaps some of the increase was not fast enough.

I wonder if you might enlighten us on the current trends in that area.

Admiral KIME. Well, the current trends remain upward and I think they are increasing, but again I will say they are not increasing fast enough. I think this is an area where I alluded to in my opening statement where we now more reflect the diverse society that we are a part of, the Coast Guard more reflects that diversity, but we still have a ways to go. But I think we are moving forward in those areas, both in being able to attract and retain women and minorities in the Coast Guard.

As far as women go, let me say that we were the first service to offer unlimited assignment opportunities to women in the Coast Guard. We have women who have been commanding officers of ships, air stations, et cetera, and that practice continues. The only impediment is where there are not private spaces available and we are addressing those where they exist.

In the area of minorities, I think we are increasing the representation of minorities across the board. Perhaps not as fast as I would like, particularly with African-Americans. And we have made some significant efforts, strides in that area just recently.

I will be addressing a meeting of the Historically Black Colleges and Universities on Thursday, as I will have the privilege to be one of the keynote speakers, and we are cooperating with them in establishing a program to attract more African-Americans to the Coast Guard Academy—more applicants. More qualified applicants. That is an example.

In working with the Hispanic Association of Colleges and Universities, where we just recently signed a bilateral agreement, we are beginning to attract more Hispanics into the Coast Guard. It is an effort where I am proud of the initiatives of the effort but I am not proud, totally proud of the results yet. I believe we have to continue to move forward and though we are improving, I think we are not improving enough.

Mr. COLEMAN. Well, thank you, Admiral, and there are a lot of us that have the privilege of representing what we call the majority-minority institutions, and I represent a majority Hispanic institution. I know other colleagues of mine that represent many African-American universities that are a majority at those universities as well. I would just suggest that really the emphasis continue to be placed there, as it appears you are doing. I think that is very commendable, and I am one of those that think we, if we do it at that level, in terms of our recruitment efforts, I think that a lot of times we meet with more success than we would otherwise by perhaps some other efforts that have gone on in the past also.

So I appreciate your emphasis in that area and would invite the Coast Guard to tell us how we can be helpful in even increasing the volume of effort with the universities and colleges in the United States.

Admiral KIME. Thank you, Mr. Coleman.

Mr. COLEMAN. Thank you, Mr. Chairman.

AMTRAK/BAYOU CANOT ACCIDENT

Mr. CARR. Thank you, Mr. Coleman. I only have a couple of questions, about marine safety, concerning the recent collision between a barge and a bridge down at Bayou Canot in Alabama.

Apparently, the pilot of the barge, the fellow who was running the barge that night, had failed the Coast Guard license exam seven times but passed it on the eighth. We are now talking about three strikes and you are out for convicted violent criminals. Is it improper to think that maybe if you take the pilot exam three times you cannot ever get one?

Admiral KIME. We are taking a very close look at all the aspects of that incident, Mr. Carr. The Secretary of Transportation asked the Federal Railroad Administration and the Coast Guard to look at it and come forward with recommendations, which we did, and we are in the process of implementing those. There is legislation pending in the House right now which we believe, with some amendments, and we are working with the staff on that, will give us the necessary legislative authority to increase the penalty for not reporting violations and give us the authority to require carrying of certain equipment, which we felt was missing from the tug and contributed to the incident.

We are looking at the lighting and marking of bridges nationwide. That is ongoing. We have taken a look down in the Mobile area and have completed that effort and requirements have either been completed or will be shortly.

One of the key areas we are talking about, though, is the qualification of personnel. Let me go back and talk about that a little bit. The personnel aboard towing vessels used to be treated the same as personnel aboard all vessels simply because they were driven by steam. And that is the way the law read. However, after World War II, we went to diesel tow vessels and that requirement moved away and we had no authority.

The Congress, in 1972, enacted authority for us to regulate the towing vessel industry, but it was very clear that the sense of Congress was they should be regulated a bit differently than the rest of the marine industry.

We are taking another look at that right now, across the board, in the types of licenses we issue our people, the requirements to demonstrate expertise, the type of knowledge they have, the level of competency we can assume that they have from one size of vessel to another, and there is a public meeting taking place on the fourth of April to discuss some of these significant issues.

Others will be taken into account by interim final rules that we intend to publish sometime in June. The information of more detailed requirements for licensing will be taken up at the April 4 meeting. We hope to bring to finality in December.

To get to your specific question on taking the exam, the exam consists of four parts and you may take the four parts and must pass all of them. If you fail any of the parts, you may take reexams in those twice, and if you do not pass after the reexams, you must begin the cycle all over.

The operator in question failed three of the sections in his first attempt but passed two of these on the retest and did not pass the last one. He began again the cycle and after six months he passed three of the four the first time and failed the second one on two attempts. The third time he took the exam, he passed with one reexam.

We are looking into that to see if that is excessive. We note—I have looked—you can take the bar exam in the State of Maryland three times without penalty. You can take the exam to be a CPA unlimited number of times. But that does not mean that what we have right now is right. We are taking a very close look at that to see if there should be further restrictions on the ability of the person to do that.

With that particular individual, we have charged him with negligence of operation and, in lieu of facing a Coast Guard hearing officer, he has voluntarily turned his license in, so he is not in a position now or in the future to operate a towing vessel.

NAVIGATIONAL AIDS IN BAYOU CANOT

Mr. Carr. Well, your analogy about the bar exam is real interesting. They only kill people's pocketbooks, not people, I am an attorney, incidentally. I am almost over it. It is not terminal.

A month after the accident down there, the bridge had been replaced but the Coast Guard still had not installed a navigational beacon on the bridge or installed any warning systems in the nearby Mobile River barge canal. Apparently a Coast Guard spokesperson said no changes had been made because there was no federal law requiring the agency to do so.

Admiral KIME. Mr. Chairman, that is inaccurate. You have been given inaccurate information. We have changed, and I alluded to that, the marking leading into the channel. Two signs have been put at either entrance to that channel indicating that there is a fixed low bridge in that particular area. In addition to that, the owner of the railroad has been instructed to put lighting on the bridge. That is the owner's responsibility and the owner is in the process of doing that right now. They will probably be using solar-powered lighting because of the remote nature. There is no ready source of power to tap into and we believe that will be satisfactory.

In addition to that, we are looking at all the bridges around the country to see if the marking leading to the bridge is satisfactory; looking at the fendering system and the lighting on these bridges because some of these bridges were permitted back in the 1920s and, of course, if we find the fendering and the lighting inadequate, since the responsibility goes with the bridge owner, we will work with the bridge owner to get that modified. We are looking at the problem both from the design of the bridge and the operation of towing vessels.

Mr. CARR. Okay, thank you, Admiral.

We have a large number of questions which I think we will ask for the record. I think we have hit some of the high points; you have heard from some of the committee members. I know that there are one or two matters that other Members of the Committee spoke to me about that they wanted to be here and raise with you, and I know in the case of Mr. Durbin, who wanted to be here today, but he is having his own hearings. As you know, he is Chairman of the Agriculture Appropriations Subcommittee. We have some questions in here that pertain to a particular area of interest of Mr. Durbin's, relative to the sale of alcoholic beverages and cigarettes in retail exchanges. I am a poor one to ask them since he is the one who has carried the ball on this, but I would direct your attention to answering those for the record and any that Mr. Durbin or other Subcommittee Members might want to supply.

Admiral KIME. With pleasure, Mr. Chairman.

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS (AC&I) REQUESTED INCREASES

Mr. CARR. Apparently, the President's own Office of Management and Budget agrees with testimony of the General Accounting Office that the Coast Guard could manage its resources better and support its missions more effectively. As was the case last year in the section of the budget concerning correcting high-risk areas, the budget claims that the major acquisition procedures of the Coast Guard are inadequate. The President's own budget states that "Coast Guard procurement plans are estimated at $1.5 billion over the next five years. At risk: increased costs because of poor contract management."

Do you think an observation like this by the President's budget office supports a $100 million plus increase in the request?

[The information follows:]

The fiscal year 1995 request for $439 million is a significant increase over last year's appropriation, however, this is very misleading as last year's $307.5 million appropriation was the lowest in recent memory. By comparison, our AC&I appropriation totaled $444 million as recently as 1990.

The statement of the high risk assessment was taken from the original Department of Transportation (DOT), U.S. Coast Guard High Risk Area Report done in 1990. At that time the statement was valid. However, all of the actions planned to correct the deficiencies have been completed and are in effect today. Currently there is no indication that the major systems acquisition procedures are inadequate or being improperly administered. To the contrary, the acquisition program has been highlighted by the Department as having made tremendous improvements to the acquisition process and Coast Guard contracting.

The Coast Guard has vigorously embraced the doctrine outlined in the Office of Management and Budget Circular A–109, and instituted these precepts into all levels of our acquisition process. Coast Guard instituted the Mission Analysis process in a 1992 instruction. We are presently in the process of expanding from single mission efforts to large scale, cross programmatic efforts such as "Deep Water" (WHEC/WMEC/C–130 replacement) and "Coastal Response Zone" (inshore SAR, ATON and marine environmental response assets). Approved Mission Analysis and Mission Needs Statements are a requirement prior to requesting funding through the budgetary process. Coast Guard has taken this philosophy beyond just major acquisitions, it also applies to many smaller acquisitions that do not break the DOT major acquisition thresholds. Perhaps this effort to expand the scope of mission analysis was misinterpreted as a delay in implementation of our correction efforts instead of the proactive effort it represents.

The Coast Guard has worked very closely with DOT in developing the Major Acquisition Policies and Procedures manual, formalizing the Transportation System Acquisition Review Council (TSARC) and Coast Guard Acquisition Review Council (CGARC) process, and establishing the Major Acquisition Review Council within the Office of the Secretary of Transportation. These councils provide senior level management review for all Coast Guard major acquisition projects. The current excellent performance of Coast Guard AC&I contract management has been acknowledged by the Department of Transportation through numerous successful TSARC meetings and approvals of major systems acquisition key decision points over the last several years.

The Coast Guard has demonstrated marked improvements recently in the area of project management. A comprehensive Systems Acquisition Manual was developed to establish policy, prescribe procedures and ensure a uniform approach to project management was adhered to by each project manager. To prepare for the rigors involved in developing and acquiring multi-year projects, all project managers attend 20-week Defense Systems Management College courses. We have greatly expanded the experience base of our acquisition staff by assigning senior civilians to positions with oversight responsibility, and as deputy program managers. We implemented acquisition program baselines to measure how well our staffs meet cost, schedule and performance criteria. Successful implementation of these initiatives is evident by the award of several complex contracts either without protest, or with protests that were quickly withdrawn after reviewing Coast Guard documentation.

The Coast Guard has also developed a comprehensive Capital Investment Plan which encompasses the integrated Long Range Resource Allocation Plan. This plan is both a planning and management tool that forecasts capital investments required to meet current and projected missions over the next 15 years. It also specifies mission analysis efforts necessary to compete for funding in the budget process. The enhanced Capital Investment Plan provides the programming link between near term budgeting decisions and long term planning.

In 1993, the Coast Guard established a policy wherein the Chief, Contract Support Division, CG Headquarters, maintained the Procuring Contracting Officer (PCO) responsibilities and the Project Resident Officer (PRO) was chartered with the Administrative Contracting Officer (ACO) responsibilities. Quarterly Major Acquisition Reviews (MARs) are performed by the Director of Finance and Procurement (Chairperson), Chief, Contract Support Division, Project Manager and Legal for all major acquisitions in the contract administration phase. Both of these new procedures ensure all contract administration functions are preformed adequately. Currently, there are PROs for the Seagoing Buoy Tender (WLB), Coastal Buoy Tender (WLM), and the Buoy Boat.

The Coast Guard acquisition system has room for improvement, however the conclusions presented by the GAO are no longer valid and ignore the massive progress made to date. I invite the GAO to reevaluate the Coast Guard acquisition system in the coming year to demonstrate the improvements that have been implemented.

MISSION ANALYSIS/MISSION NEEDS PROCESSES

Mr. CARR. Last year the President's budget indicated that one of the next steps the Coast Guard was going to undertake to improve its procurement processes was the improvement of the mission analysis and mission needs process. Apparently, you haven't completed that work yet. The 1995 budget indicates that implementation of the complete mission needs analysis process was delayed and needs to be expedited. It is now estimated that the Coast Guard will not implement a complete mission needs analysis process until October 1994. What are the reasons for delays in implementing the new process?

[The information follows:]

Mission analysis and mission needs processes and procedures are formally instituted within the Coast Guard. The current policy requires an approved Mission Needs Statement prior to a Major Acquisition being included in the Department of Transportation (DOT) budget submission. This policy was established by the DOT Major Acquisition Policies and Procedures (MAPP) dated 1 October 1992 and implemented in the Coast Guard in the latest revision to the Systems Acquisition Manual (SAM) dated 30 December 1992.

Mission Analysis requirements were established by a Coast Guard Instruction dated 21 August 1992. The Instruction establishes submission requirements, defines required documentation, and details development, review and approval procedures. Mission analysis is now an integral part of the Coast Guard's long range planning. Mission analysis activities and the Mission Analysis Report are a sub-process of the overall Coast Guard Planning Process, which has been defined in a Coast Guard Instruction dated 18 October 1993.

Mission Analysis is linked to the Programming and Budgeting Processes by the Long Range Resource Allocation Plan (LRRAP), which is required by the MAPP, and the Capital Investment Plan (CIP). The LRRAP and CIP forecast Coast Guard Major Acquisition requirements out to 15 years and identify when Mission Analyses will be required. The CIP and LRRAP are provided to Congress with the budget submission each year.

Coast Guard continues to expand and enhance the mission analysis process. We are presently investigating the optimum organization structure for large scale, cross-programmatic analyses. Examples include the deep water mission analysis encompassing our large cutters and long range patrol aircraft. Another example is the coastal response zone mission analysis encompassing a wide variety of smaller patrol and response vessels operating in our nation's coastal zones. This organizational effort is underway and expected to be fully established by 1st quarter of fiscal year 1995.

Mr. CARR. How will the new mission needs process differ from previous practice? What specific benefits do you hope will accrue from the new system?

[The information follows:]

The Coast Guard's new mission needs process imposes more rigorous requirements on the pre-acquisition process similar to those required by OMB Circular A-109 on the acquisition process. Specific gates or milestones must be met satisfactorily, and approved at senior management level, prior to moving forward with an acquisition. A two part mission analysis must be approved by the Chief of Staff prior to commencing a Mission Needs Statement. The Mission Needs Statement, again approved at the Chief of Staff level, is required before seeking resources in the budget process. The mission analysis focuses on the forecasted future mission requirements and the scope of the problem to be addressed. One major difference from past analysis practices is the focus on projecting future requirements rather than assuming a one-for-one replacement in kind of extrapolating the past to the future.

The primary benefit to the new system is the early involvement of Coast Guard top management in the development of mission needs. The focus on future needs and early top management involvement emphasizes well justified and documented operational requirements, which are key to a successful major acquisition.

AVIATION MAINTENANCE MANAGEMENT INFORMATION SYSTEM

Mr. CARR. Another high-risk activity highlighted in the President's budget is the Coast Guard's inadequate logistical support for spare parts at field activities. According to the budget documents, the Coast Guard has inventories of almost $350 million on hand. Inadequate inventory control and excess inventory holding costs increase government risk in this area. When this item was added to the list of high-risk activities last year, we were told that the introduction of the aeronautical maintenance management information system (AMMIS) in 1993 would help address this issue. This year's budget indicates that AMMIS won't be implemented until July 1994. What accounts for the delay? How much improvement do you anticipate with AMMIS and how will you measure it?

[The information follows:]

The acquisition phase of the Aviation Maintenance Management Information System (AMMIS) is complete. A phased AMMIS implementation has begun and the new system is forecast to be fully operational by 1 October 1994. The AMMIS implementation involves the conversion of data from the existing to the new system and developing user familiarity with the system and the associated changes in business practices. A phased conversion is necessary because of data conversion problems, the size and complexity of the system, and the differences between AMMIS and the present system. This delayed the implementation of AMMIS, but ensures user proficiency and fiscal accountability. A Quality Action Team was formed and given the responsibility of implementing AMMIS.

It is too early in the AMMIS implementation process to be able to quantify cost avoidances, but several efficiencies will occur. AMMIS will improve business practices by fully automating various fiscal and supply functions into one integrated database. This will allow greater visibility of inventory and cost accounting. Measures of effectiveness have been established in aeronautical engineering that will use AMMIS output to measure the effectiveness of our logistics system. These measures will allow us to capture the efficiencies and savings that AMMIS will provide over time.

ACQUISITION STRATEGY

Mr. CARR. One need look no further than the boat acquisition programs for a possible example of the lack of rigorous procedures employed by the Coast Guard. Sometimes the programs are small business set-asides, sometimes they are not. Sometimes Coast Guard designs are used, sometimes contractor designs are used, and at still other times, an off-the-shelf approach will be used. The acquisition procedures used are rarely the same.

It may be that in each case the Coast Guard employed the perfect approach for the project involved. It is hard to tell. And the Coast Guard doesn't seem to have documentation and specific procedures to explain why a certain method was followed for a certain program. What are your thoughts on this observation?

[The information follows:]

We disagree with the contention that the Coast Guard does not have rigorous acquisition procedures because we employ a variety of contracting strategies. We have charged the acquisition program with delivering the best products that meet the performance requirements of the users, while providing the optimum balance of cost, schedule and performance. To meet this challenge the Coast Guard has rigorous procedures in place for all acquisition programs, both major systems and non-major systems. These procedures have been reviewed by the Office of the Secretary, General Services Administration, the General Accounting Office and Congress.

As to contracting strategy, each acquisition project stands alone and is evaluated in conjunction with regulations based on complexity, type of system, cost and schedule requirements. The Coast Guard uses all the acquisition and contracting tools available to provide the best value to the government. This includes the use of Small Business Act Set-asides, 8(a), Invitation For Bid, Request For Proposal, Cost-Plus, Firm Fixed Price, Indefinite Delivery/Indefinite Quantity, etc. Also, we have worked hard to improve acquisition decision documentation to provide a clearer history of decision rationale.

COAST GUARD BUSINESS PLANS

Mr. CARR. The draft Planning and Program Manual addresses Coast Guard business plans. The following comments from the draft describe such plans: "The business plan is what gives life to the third and final basic element of a true planning system. . . .

"The program description describes the program, and the program direction says where the program is headed, and the business plan outlines how it is going to get there. It focuses on reaching measurable results against clearly defined standards of performance.

"Management at all levels incorporates the business plan into the day-to-day activities and the focus of the organization.

"While business plans for the operational programs and support programs are developed in the same way the focus of the plans is different."

The business plan concept is a new effort in the revised planning and program manual; is that correct?

[The information follows:]

Yes, the business plan concept is a new effort in the revised Coast Guard planning system. Direction for the first complete cycle of the revised planning process was distributed in October 1993. In the planning process, each program builds a business plan. It is derived from the approved program direction, and is a tactical document containing specific business objectives to support the program's strategic goals and directions.

Mr. CARR. Are there any business plans that have been prepared yet?

[The information follows:]

Most business plans are in various stages of preparation. Support program business plans will be promulgated in fiscal year 1994. Operating program business plans will be prepared in fiscal year 1995. Support program business plans are currently in the draft and review process. Although not a support program, the Office of Marine Safety, Security and Environmental Protection has submitted its business plan.

Mr. CARR. Ultimately, how many business plans do you think the Coast Guard will have?

[The information follows:]

Each operating and support program builds a business plan. Support program business plans are required in even fiscal years and operating program business plans are required in odd fiscal years. Each year that operating program business plans are due, the Coast Guard will consolidate the 26 individual operating and support programs' business plans into a single, consolidated Coast Guard Business Plan.

BUSINESS PLANS DEVELOPMENT

Mr. CARR. What is the schedule for developing the business plans?

[The information follows:]

Business plan development is a continuing process. Each plan will be validated annually and revised as needed every other year. This process ensures priorities and resources reflect changing external and internal priorities. Support program business plans will be required in even fiscal years and operating program business plans in odd fiscal years.

Mr. CARR. How specific will the business plans be?

[The information follows:]

A business plan will lay out a program's "road map" for applying its resources, measuring performance, and meeting its objectives. Key programmatic milestones relating to mission analysis and acquisition scheduling will be incorporated into the plans. Specific business objectives that support the long-range planning approved in earlier elements of the planning process (i.e.—program descriptions and program directions) will help form the business plans. These objectives will focus on specific actions planned for the next budget year and three years beyond.

Mr. CARR. Can you provide some examples of how "management at all levels will incorporate the business plans into the day-to-day activities" of their operations?

[The information follows:]

Development of the first business plans have involved only headquarters program managers. As the process matures, it will eventually incorporate field commander participation.

An example below shows how the operating program of law enforcement and defense operations could translate a strategic goal within the business plan into guidance and day-to-day action for all management levels:

Strategic Goal—ENSURE THE ENFORCEABILITY OF FISHERIES MANAGEMENT MEASURES—One of the most critical factors in determining the success of a resource management or conservation measure is its enforceability. Compliance with a measure tends to be low, and the measure ineffective, if the measure is unenforceable. The Coast Guard uses its law enforcement expertise to advise agencies on the enforceability of proposed measures and probable success of at-sea law enforcement.

Business Objective 1—through participation and membership of fisheries management councils, participate at the earliest stages of management plan development. This objective has a broad, national scope and is most likely to be achieved by direct participation of headquarters, area and/or district staffs.

Business Objective 2—Participate at the earliest stages of the development of laws, regulations and international agreements. With greater global and regional implications, this objective is most likely to involve participation by not only headquarters, area and district staffs but also at the group level.

Business Objective 3—Provide regionally-based training to effectively meet increasing demands for enforcing living marine resource management and conservation measures. Training delivery methods are flexible and can be accommodated in many ways. This objective would likely involve participation of personnel at area, district, group and unit levels.

MISSION ANALYSIS PLANNING

Mr. CARR. The draft Planning and Program Manual also addresses mission analysis planning and mission analysis reports. According to the draft document, "When functional deficiencies begin to look like they may lead to a major Coast Guard acquisition, program managers must begin to document mission analysis planning into a mission analysis report."

This sounds fairly vague. How do program managers know when deficiencies "begin to look like they may lead to," et cetera?

[The information follows:]

Through the ongoing mission analysis process, deficiencies or gaps in capability are identified. Alternative solutions to these gaps are developed, evaluated, and in some cases, implemented. When gaps reach the level that mission effectiveness will be deleteriously impacted without additional, new or modified replacement assets, the program manager must begin to fomally document the capability gap in preparation for a request for resources. The compilation of the associated studies and documents is summarized and forwarded for approval in a Mission Analysis Report.

Mr. CARR. Why shouldn't program managers have routine data on mission analysis which could result in better decisions regarding operations, spare parts, and replacement of systems and subsystems and not just assist in "major Coast Guard acquisitions"?

[The information follows:]

Program managers do have these data and use them for ongoing mission analysis. They are, in fact, the source and owners of mission analysis data which is further distributed to and used by Support Managers. The information that results from these data and ongoing analyses aid decision makers in developing strategies for performing Coast Guard missions more effectively. Thus, decisions regarding operations, spare parts and replacement of systems and subsystems benefit from ongoing mission analysis.

Mission analysis includes the ongoing monitoring and evaluation; continuous analysis of missions, operations, organization and resource allocation; and continuous comparison of existing resources to mission needs. Routine data collection is a vital part of mission analysis.

Only when a deficiency is identified that cannot be resolved by available alternative resource allocation is the mission analysis developed into a Mission Analysis Report as a first step in planning an acquisition.

MEASURES OF EFFECTIVENESS IN MISSION ANALYSIS

Mr. CARR. What examples can you provide of specific measures of effectiveness that might be used in mission analysis planning?

[The information follows:]

In some cases, measures of effectiveness have already been incorporated into mission analysis planning. Mission analysis data and inputs were used extensively in the Service Force Mix 2000 study for the aids to navigation fleet. This analysis indicated the performance criteria and capabilities needed to reduce the sea going and coastal bouy tender fleet from 37 vessels to 30. Mission analysis also showed that a generic, off-the-shelf surface search radar had the appropriate capability to replace existing outdated and unsupportable radars.

Measures of effectiveness are expected to be used in more programmatic venues of mission analysis. For example, the trend in the number of search and rescue cases that were not responded to within the two-hour standard because of lack of resources may be used as a measure of effectiveness. Trend analysis of the ratio of barrels of oil recovered to the total known barrels of oil spilled could be another measure to consider in related mission analysis.

Mr. CARR. The introduction to the measurement and evaluation chapter of the planning and program manual contains an excellent observation:

"For the most part, we feel we are good at managing processes with the resources we are provided, but do we really know the overall results of our efforts? And more important, can we make strong arguments for continued or even increased funding for our many programs? We know how many pounds of cocaine we have impounded and how many ships we have interdicted, but does drug interdiction have any impact on the overall use of drugs?

"We can count the numbers of people who have been trained in boating safety, but can we quantify the direct effect of this training on accident rates? We know how many vessels we inspect for compliance with environmental regulations but do we know whether this has any effect on environmental quality? In the future, Coast Guard program managers and planners need to focus at least as much on program outcome measures as they do on process measures."

How will you go about developing realistic and reliable program outcome measures, especially for those activities that have impact far beyond the operations of the Coast Guard?

[The information follows:]

The Coast Guard recently developed guidance on program measurement and evaluation that was incorporated into the Planning and Programming Manual. Results-oriented measures will be developed by each program, then reviewed and statistically analyzed. The first of a series of training workshops has also been held with program planners to help them recognize and deal with the problems of outcome measure development. These actions will help further development of all outcome measures.

For those programs which have impact far beyond the scope of Coast Guard operations, more subjective and perhaps less quantifiable measures will have to be used. For example, measures of the drug interdiction portion of the law enforcement program can include the number of missions carried out, the weight of seized contraband, and the number of vessels boarded and searched. These are directly measurable activities over which the Coast Guard has some degree of control, and they can be measured with factual data. However, the overall impact of Coast Guard drug interdiction efforts on drug availability and usage are much harder to assess because the Coast Guard is only one of many sources of influence on the overall drug market. In order to measure the overall impacts of Coast Guard drug interdiction requires a look at all the other factors affecting drug availability, distribution and use, and requires more subjective approaches.

Mr. CARR. What are you currently doing for this effort? What additional efforts are planned for 1995 and beyond?

[The information follows:]

The Coast Guard's new planning system began the first portion of its two-year cycle in fiscal year 1994. All operating and support programs are required to develop program descriptions and directions. Business plans will then be generated to map out how the programs will stay on their intended course, meet objectives and measure the outcomes of their efforts. Program measures are initially described in the program description, and they will be incorporated into business plans. These plans will be reviewed continuously and formally updated on a two-year cycle.

PROGRAM OUTCOME MEASURES

Mr. CARR. Does your 1995 budget submission reflect any redirected resource allocations based on placing additional emphasis on program outcome measures?

[The information follows:]

The fiscal year 1995 budget submission contains a $1,000,000 request for Acquisition, Construction & Improvements (AC&I) funds for a new Coast Guard Finance Center information system that will develop and present financial information as required by the Chief Financial Officers (CFO) Act and the Federal Managers Financial Integrity Act. This project relates to the Coast Guard's emphasis on program outcome measures in that the system's financial information will eventually be linked to program measures of effectiveness.

Mr. CARR. To what extent will the Coast Guard rely on hard data measures and statistical process control and to what extent will you rely on softer, more subjective analysis in your consideration of program outcome measures?

[The information follows:]

The Coast Guard will maximize its reliance on hard data measures. However, the nature of some of the core missions of the Coast Guard does not facilitate using hard data measures. The greatest difficulty rests in attaching meaningful outcome measures to broad, vague qualitative outcomes such as "ensure national security" and "protect Environmental quality".

There is not a clear trade-off between subjective and quantitative analysis methodology. Programs use subjective analysis in choosing the performance goals to be measured and in designing customer surveys, yet rely on hard data to provide the closest indicators. An example can be found in the business plan for Marine Safety, Security, and Environmental Protection. A stated "soft" subjective goal of Marine Environmental Protection is to eliminate environmental damage associated with marine transportation. Measurable quantitative outcomes, such as the amount of oil and chemicals going into the water from maritime sources, will be used for considering the program's effectiveness.

Mr. CARR. To the extent that the Coast Guard must rely on more subjective measures, will you seek external confirmation that, (1), statistical process measurement is not practicable in the given instance, and, (2), the subjective analysis performed by the Coast Guard is unbiased and reasonable?

[The information follows:]

All process and program measures will be reviewed and evaluated by programs themselves and independently by the Coast Guard Plans, Policy and Evaluation Division. The Coast Guard has employed consultants for assistance in developing some of these measures. External confirmation of unbiased and reasonable analysis will also be included in the program outcome evaluation process through a customer survey system. The Coast Guard does not otherwise have plans to employ an outside or independent auditor to validate process or program outcome measurement.

Mr. CARR. How do you respond to the observation that the Coast Guard may be setting artificially low standards of achievement for measuring program outcomes? I call your attention to the comments on page 10 of the draft of Chapter 11 of the planning and program manual: "Not all performance characteristics can be quantified." And on page 13, "While much of what the Coast Guard does seems to defy definitive quantification. . . .

[The information follows:]

The Coast Guard has actively engaged its organization in the development of results-oriented program measures and has set high expectations for their achievement. The first comment, "Not all performance characteristics can be quantified," begins a paragraph recognizing that Coast Guard activities and program outcomes are not perfectly correlated. This is discussed so that program managers remain aware of and track trends.

The second statement, "While much of what the Coast Guard does seems to defy quantification . . .," finishes with, "a family of measures can be a useful tool for monitoring program effectiveness." This statement, taken as a whole, does not mean that the Coast Guard should not try to measure program outcomes but, conversely, amplifies the concept that measurement is needed and useful. It echoes the Government Performance and Results Act by highlighting that a combination of measures looking at the different facets of a program may be a more useful approach than relying on a single measure for program outcome evaluation.

Mr. CARR. What safeguards do you intend to build into the measurements system to minimize the potential for managers to manipulate relative weights when families of measures are used?

[The information follows:]

The Coast Guard's planning system has several points in the evaluation process to validate the accuracy of weights and results of any objective matrix (i.e.—family of measures). Program measures will be submitted biennially in program descriptions, and will then be incorporated into business plans. The Plans, Policy and Evaluation Division will independently review and critique these submissions. This review will include a statistical assessment and validation of the measures, methodologies, and weight criteria for measurement matrices. Program managers must justify the assigned weight within any matrix.

This process will, however, allow changes to be made to previously identified measures. This is, and will continue to be an iterative process. Managers may need to "fine tune" certain measures over time. Numerous feedback loops will exist throughout the planning, programming, budgeting, execution and evaluation processes to allow inputs from program reviewers, budget personnel and field commanders. Their input may provide valid reasons for altering existing measures. Any requested changes, however, must be documented during the next business plan submission.

PLANNING AND PROGRAMMING MANUAL

Mr. CARR. Volume I of the draft planning and programming manual indicates (page 3–2) that the Coast Guard's formal reprogramming guidelines are currently being revised and will be separately published when final.

When do you expect to issue the planning and programming manual in final form?

[The information follows:]

The Coast Guard expects to publish Volume I (Headquarters portion) of the Planning and Programming Manual on or about 1 September 1994. Volume II (Field Planning Manual) was published on 30 April 1993.

REPROGRAMMING GUIDELINES

Mr. CARR. When do you hope to have the final reprogramming guidelines ready to publish?

[The information follows:]

Reprogramming guidelines for all Coast Guard appropriations, with the exception of the Operating Expenses (OE) appropriation, have been developed, consistent with congressional and departmental guidelines and are in the internal review and approval process. They will be published in the Financial Resource Management Manual, a new publication, which we hope to distribute during the summer of 1994. Reprogramming guidelines for the OE appropriation may have to be developed as a result of the Committee's desire for the appropriation to be presented as five separate categories called programs, projects and activities (PPAs). We would like to work closely with the Committee in developing the guidelines for the OE appropriation to ensure that the needs of Congress, the Department and the Coast Guard are met.

Mr. CARR. What changes from existing practice regarding reprogramming actions are envisioned for the new guidelines?

[The information follows:]

No changes to existing guidelines are envisioned, with the exception of the Operating Expenses appropriation which may have to be developed as a result of the Committee's desire for the appropriation to be presented as five separate categories called Programs, Projects and Activities (PPAs). The reprogramming guidelines that will be published in the Financial Resource Management Manual are the same as those the Coast Guard currently follows. They conform to the guidelines provided by the Office of the Secretary of Transportation in April 1992, and by House (Conference) Report 101–315, dated October 26, 1989, on the Department of Transportation and Related Agencies Appropriations Act, 1990.

Mr. CARR. Is it accurate to assume that the Coast Guard will coordinate any proposed changes in the reprogramming guidelines with the Committees on Appropriations of the Senate and the House of Representatives?

[The information follows:]

Yes. We would like to work closely with the Department and the Committees in developing reprogramming guidelines for the Operating Expense Appropriation to ensure that the needs of Congress, the Department, and the Coast Guard are met.

CHANGE IN SCORING OF OUTLAYS

Mr. CARR. Ms. Stoll, the Coast Guard's fiscal year 1995 operating budget is larger than it otherwise would be due to a change in the administration's scoring of outlays from this account. Based apparently on new data, OMB has agreed that these programs outlay over three years, not two. This has the effect of lowering outlays from prior appropriations by $220 million, thereby allowing more new spending authority to take its place. On what new information was this change based? Is this a new budget gimmick to allow more funding for Coast Guard activities?

[The information follows:]

No, this in not a gimmick. It is a change to more accurately reflect how the Coast Guard spends its funds. The accounting report used to support OE's three-year spendout is a Treasury financial statement entitled "Undispersed Appropriation Account Ledger". This report identifies outlays by fiscal year rather than consolidating prior fiscal year outlays. The Administration changed the scoring of prior year outlays for the Coast Guard's Operating Expenses (OE) appropriation following an analysis to determine if CBO's projected fiscal year 1994 three-year spendout rate of 80 percent/12 percent/8 percent was more in line with current spending trends than the Administration's two-year spendout rate of 80 percent/20 percent. The new scoring lowered outlays from prior appropriations by $203 million, not $220 million. Part of the outlay savings were applied to Coast Guard activities.

Mr. CARR. You may know that the Congressional Budget Office does not agree with these savings, and consequently they have scored your budget request higher in outlays than OMB does. CBO believes that you may not have counted outlays resulting from the fiscal year 1993 appropriation. If these programs truly outlay over three years, with 8 percent accruing in the third year, shouldn't you show 8 percent of your 1993 appropriation as outlays in fiscal year 1995?

[The information follows:]

No. When the administration adopted the Congressional Budget Offices' three-year scoring convention for Coast Guard Operating funds, it was determined that this would be implemented beginning in fiscal year 1994 and that fiscal year 1993 funds would continue to be scored at the old 80–20 percentage split.

Mr. CARR. The Coast Guard's budget for fiscal year 1995 represents a 1.5 percent increase over fiscal year 1994. While better than some other modes of transportation, it nevertheless poses some difficult choices for the Coast Guard next year. Which of your missions do you plan to deemphasize in order to meet these budgetary constraints?

[The information follows:]

The Coast Guard's fiscal year 1995 budget is a responsible proposal given the tight constraints in which it was developed. It represents the first installment of a multi-year plan to streamline the Coast Guard, provide the resources we need to continue to deliver essential services to the public, and maintain the emphasis placed on our four traditional missions—maritime safety, environmental protection, law enforcement and national security. This is most important for the Coast Guard because, despite many incremental and programmatic reductions necessary to meet budgetary targets, the scope of our missions is increasing.

By employing specific, cross-programmatic criteria to our resource decisions (e.g.—focused reduction of overhead and administrative costs, minimized organization and management layers, opportunities to exploit existing and emerging technologies, and reduction of older, low-productivity assets), we crafted a proposal that will allow us to aggressively perform and maintain the strategic balance between our four core missions. Many of the proposed reductions make "good business sense" by capitalizing on efficiencies, preserving vital core capabilities, and eliminating narrow, single-mission resources.

CHANGES IN ALLOCATIONS FOR 1994

Mr. CARR. You are now planning to spend your operating funds in fiscal year 1994 in very different ways from that projected when you presented your budget this time last year. Aids-to-navigation obligations are down 9.8 percent and marine safety is down 10 percent. However, environmental protection and enforcement activities are up. What policy changes or urgent needs have arisen over the past year to account for these differences?

[The information follows:]

These changes were not a result of policy changes. The figures in the table are developed by a computer model and updated annually. The computer program used to estimate operating funds is called program budget model. The program budget model is a comprehensive tool used to approximate multimission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the program budget model is based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in fiscal year 1994 operating expenses obligations, from the fiscal year 1994 budget submission, were programmatically spread based on *fiscal year 1992 operating data and support costs;* whereas, the revised 1994 estimates reflected in the fiscal year 1995 budget submission are based on like information from *fiscal year 1993,* which also includes congressional action.

ALLOCATION OF PERSONNEL REDUCTIONS

Mr. CARR. The budget proposes to reduce the Coast Guard by 622 staff years in fiscal year 1995. However, if the Coast Guard was allocated its fair share of the overall DOT staffing reduction, a reduction of 784 would be required. Is there a particular reason why the department allocated a lower reduction to the Coast Guard?

[The information follows:]

The Coast Guard worked very closely with the Department and the Office of Management and Budget in crafting a multi-year strategy to meet fiscal year 1995 while ensuring continued delivery of essential Coast Guard services to the public. The Coast Guard is a people intensive operating agency that delivers services directly to the public. About two-thirds of their operating expenses budget goes to pay and provide for people. Their multi-year budget strategy is a very reasonable plan to position the Coast Guard to continue to deliver essential services to the public in a more efficient, more streamlined manner. By the agency's very nature, that translates into personnel reductions. The personnel budget actions the Coast Guard proposed in the 1995 budget will reduce over 1100 staff years when fully annualized. It takes time to identify efficiencies, implement those that prove productive, and reduce the workforce accordingly. Additionally, the unique characteristics of the Coast Guard's military workforce present some significant management challenges not encountered in the civilian sector. These factors make it prudent to phase in the personnel reductions over time. This is precisely what the Coast Guard's multi-year budget strategy does. Through this approach, the Coast Guard will take its "fair share" consistent with departmental plans, goals and priorities. For example, the Department's civilian FTE reduction plan assumes that the Coast Guard achieves the full 12 percent reduction by fiscal year 1999.

WORKFORCE MANAGEMENT TOOLS

Mr. CARR. Admiral Kime, your operating budget for next year requests an additional $9.7 million for new "work force management tools." What are you referring to here, and why are they necessary?

[The information follows:]

The Coast Guard's operating budget for fiscal year 1995 requests an additional $9,777,000 for workforce management initiatives. These initiatives include a number of programs designed to increase attrition in the Coast Guard's active duty workforce. When combined with reduced accessions, they will facilitate moving to a smaller active duty workforce. As personnel costs consume a large portion of the Coast Guard's annual operating expense budget, a smaller active duty workforce is needed to allow the Coast Guard to operate within budget targets.

Perhaps more importantly, these tools are needed to help Coast Guard shape the workforce as it streamlines, so the remaining workforce has the right skills. The new "tools" will give the Coast Guard the ability to target which members, by skill specialty, are retained and which are separated.

These workforce management initiatives include:

(1) High Year Tenure, which involuntarily separates enlisted members who fail to meet prescribed professional growth points.

(2) Centralized First Term Reenlistment Review, which seeks to align the enlisted workforce with service needs. When utilized, it increases enlisted first term attrition.

(3) Temporary Early Retirement Authority to reduce the Coast Guard's active duty population of people having served at least 15, but less than 20 years of active service. (Applies to targeted officer pay grades and enlisted ratings.)

(4) Voluntary Separation Incentive/Special Separation Benefit to voluntarily separate personnel in certain pay grade and specialty populations who remain despite other downsizing initiatives.

(5) Increasing involuntary separations though reduced officer promotion, extension, and continuation board opportunities of selection.

(6) Increasing voluntary separations by waiving obligated service for certain members.

(7) Transition benefits identical to DOD's to be used when separating large numbers of military members.

AUTHORIZING LEGISLATION NEEDED FOR WORKFORCE INITIATIVES

Mr. CARR. How much of the $9.7 million involves techniques which require authorizing legislation?

[The information follows:]

The Coast Guard is requesting $9,777,000 for fiscal year 1995 workforce downsizing management initiatives. Of this cost, $1,979,000 involves initiatives that require authorizing legislation. The initiatives requiring authorizing legislation are as follows:

(1) Temporary Early Retirement Authority.

(2) Voluntary Separation Incentive/Special Separation Benefit.

(3) Chapter 58, Title, 10, U.S. Code, transition benefits.

PERSONNEL TRANSITION BENEFITS AND SERVICES

Mr. CARR. One of these initiatives, estimated to cost $2.7 million in fiscal year 1995, involves the provision of transition benefits and services to personnel leaving the Coast Guard, including those leaving on a voluntary basis. These include such things as health benefits and college prep courses. If these people are leaving government service and presumably getting other employment, why should we provide these type of benefits?

[The information follows:]

The Coast Guard's fiscal year 1995 workforce management initiative budget request includes $2,142,000 for Chapter 58, Title 10, U.S. Code transition benefits. The Coast Guard is seeking legislation to offer these benefits to Coast Guard people leaving the service on a par with the Department of Defense personnel benefits.

Previously, service members could expect to complete an active duty career in the all-volunteer armed forces as long as their suitability, conduct, and performance met standards. The budget-driven downsizing of the armed forces, including the Coast Guard, has altered this expectation. Many members who remained on active duty beyond their initial obligated service, with the intention of completing a full active duty career, will be forced to leave the service.

The Chapter 58 transition benefits are intended to provide members with the tools they need to quickly assimilate into the civilian workforce reducing the Services' costs relative to unemployment compensation. Many veterans of the armed forces become unemployed for several months following separation. This leaves them without medical insurance, and requires the Services to reimburse the states for the cost of these former members' unemployment compensation. By investing in educational and job training, and placement benefits for former members who would otherwise be unemployed, the Coast Guard will help transform them into tax-paying, productive citizens.

The following Chapter 58 transition benefits offer no additional costs to the Coast Guard:

(1) Preseparation counseling (use current counselors).

(2) Commissary and exchange benefits (self-funding).

(3) Temporary postseparation rental of military family housing (self-funding).

(4) Excess leave and permissive temporary duty (separatee incurs all costs).

The following Chapter 58 transition benefits offer additional costs to the Coast Guard:

(1) Health benefits for 120 days following separation.

(2) Partial reimbursement of occupational training costs through the Service Members Occupational Conversion and Training Act of 1992.

(3) Partial reimbursement of educational expenses through the Upward Bound Program.

(4) Partial reimbursement for wages of separatees hired through specific teacher/teacher's aide/law enforcement/health care provider employment programs.

OFFICER CORPS

Mr. CARR. I understand that the Coast Guard feels the officer corps is sized appropriately at the present time. Therefore, most of the downsizing will be felt by enlisted Coast Guardsmen. However, according to Coast Guard and DOD data, the Coast Guard has a higher officer-to-enlisted ratio than the Army, Navy, or Marine Corps. For example, even after significant downsizing, there are 6.6 enlisted personnel in the Navy for every officer. This compares to 4.1 for the Coast Guard. What studies has the Coast Guard conducted to ensure that the officer corps is the appropriate size, particularly given this information from the DOD?

[The information follows:]

The Coast Guard is proposing to reduce the size of its military workforce by 1013 FTP in fiscal year 1995. 242 of these billets are officer billets (this constitutes about 23.9% of total billet reductions). The Coast Guard last examined its officer-to-enlisted ratio in 1982. This study showed the Coast Guard's regulatory responsibilities required a large number of officers. The requirement remains valid as our regulatory responsibilities have increased since the early 1980's. The study also concluded that it is inaccurate to compare Coast Guard officer-to-enlisted ratios to the DOD services. The DOD services have far more operational units where low officer-to-enlisted ratios normally exist.

FULL-TIME EQUIVALENTS COMPARED TO POSITIONS

Mr. CARR. The Federal Aviation Administration has less full-time staff years than they have positions, due to hiring freezes and unexpected vacancies. The Coast Guard has more staff years than positions. Why is this? Don't you have vacancies which build up as the year progresses?

[The information follows:]

Yes, the fiscal year 1995 budget reflects 6,189 civilian full-time equivalents (FTE) against 6,172 full-time permanent positions (FTP). However, the Coast Guard, just like FAA, will have vacant positions throughout the year. Two primary factors are:

Previously exempt FTEs. In 1995, the Coast Guard budget request includes 140 FTEs for nonceiling programs, including special programs which employ disadvantaged youths, cooperative education students, and others. In general, nonceiling FTE is consumed using temporary appointments, hence, there are no full-time permanent positions associated with these programs.

Part-Year Position Reductions. While the Coast Guard will eliminate 113 positions between 1994 and 1995, only 77 FTE will be reduced in the budget year. Because positions are eliminated at various times throughout the year, FTE will not normally equal FTP in the budget year. Part-year position reductions consume FTE in the budget year prior to the position being deleted. FTE will equal FTP when the personnel reduction is fully annualized, usually in BY+1.

GENERAL DETAIL POSITIONS

Mr. CARR. Would you explain to us the concept of your "general detail" positions and tell us why they are needed in a military work force but not in a civilian work force?

[The information follows:]

A military workforce is unique in several ways: (1) it's members access into the organization at the lowest rated level and are promoted "through the ranks", (2) it's members require a significant amount of entry level and continued advanced training throughout their careers, and (3) it requires routine transfers due to attrition, the need to rotate members on arduous duty, and the need to develop a workforce experience base. These unique characteristics of a military workforce cause it to be in near constant motion, a condition that is exacerbated by geographic dispersion of its units/resources. General detail support provides the Coast Guard with the necessary flexibility to efficiently manage this workforce, ensuring fully qualified personnel fill a critical mass of billets required to accomplish all assigned missions. Without the general detail, significant critical vacancies would occur throughout the service, compromising the Coast Guard's ability to provide essential public services and jeopardizing our operational readiness.

Unlike military accessions, civilian members of the Coast Guard's workforce enter into the organization from the outside at all personnel levels of the workforce and require very little entry level specialized training for the functions they perform. Transfers are uncommon for lower grade personnel, but occasionally occur for high grade employees. These factors preclude the need for a civilian "general detail."

Mr. CARR. What percentage of your total military staffing is in the "general detail" category?

[The information follows:]

As of March 31, 1994, the general detail totalled 16.4 percent of our assigned military billets. Actual use of the general detail fluctuates above and below 16.4 percent because the number of people in training or in transit varies from day to day.

AVIATION CAREER INCENTIVE PAY (ACIP)

Mr. CARR. I understand that your "work force management" funds are needed to counteract the effect of extremely low attrition rates. I also understand that aviators are a major source of this problem, since reenlistment rates in the Coast Guard's aviation community are at an all time high. If I understand it right, your fiscal year 1995 budget includes "aviation career incentive pay" to keep aviators in the Coast Guard, and "work force management" pay to then get them out. Wouldn't we achieve the same result at much less cost if we just got rid of the career incentive pay?

[The information follows:]

Military pay entitlements are intended to pay members of the uniformed services comparably. Keeping Coast Guard entitlements comparable to those of the Department of Defense (DOD) services is a critical factor in attracting the right members. DOD is alarmed at the recent drop in high school graduates applying for admission into the DOD services, which reflects the decrease in propensity for military service by those eligible age groups. The Coast Guard is in competition with the DOD services for a shrinking pool of potential service members. Since the Coast Guard does not recruit for a specific speciality, departures from DOD entitlements will put the Coast Guard at a significant disadvantage in attracting the best candidates. Coast Guard jobs require skill levels comparable to the highest skill levels required by the DOD services with unparalleled responsibility.

The aviation community represents approximately eleven percent of Coast Guard military personnel; fifteen percent of the officers, ten percent of enlisted personnel. While retention is high in the aviation community, it is also very high in many non-aviation communities.

The workforce management tools the Coast Guard seeks funding for will do several things. They will: (1) create personnel flow by increasing attrition; (2) allow the Coast Guard to properly assist and compensate those who will be affected by these actions; (3) shape the workforce to better match it with the work (billets/positions); and (4) in the longterm, provide earlier and additional options for dealing with the future personnel situations. The new workforce management tools are needed primarily to address overpopulation in the Coast Guard's enlisted workforce.

Aviation rated enlisted members, if they are assigned to flying duty and meet the prescribed minimum flight time requirements, receive hazardous duty incentive pay (HDIP). HDIP is primarily intended to compensate these members for the hazardous character of flying duty. This is why they only receive HDIP when they are assigned to flying duty and actually fly. HDIP also serves to encourage aviation rated enlisted members to remain in a military aviation career. The Coast Guard is in the process of reducing the proportion of aviation rated enlisted members assigned to flying duty and receiving HDIP, which will reduce the career influencing effects of HDIP.

Coast Guard officer aviators receive aviation career incentive pay (ACIP) with the primary purpose of influencing officers to enter into and remain in a military aviation career. Thus, ACIP is provided even when they are not assigned to flying duty. ACIP's secondary purpose is to compensate officer aviators for the more hazardous than normal character of a flying career.

Effective workforce management tools for managing the officer corps currently exist; e.g., promotion, extension, and continuation boards. Accordingly, the officer corps, including aviators, is not overpopulated. The Coast Guard is able to maintain the prescribed size and these tools along with managed attrition will serve us well as we downsize. Additional workforce management tools are needed on the enlisted side. Currently we rely primarily on recruiting adjustments to control the size of the enlisted workforce.

Mr. CARR. In a statement for the record this year, the IG says "in our view, during these austere times, it does not appear reasonable to continue paying aviation career incentive pay when Coast Guard retention rates are at an all time high." Where is the IG's reasoning flawed?

[The information follows:]

The laws and Executive Orders governing entitlement to aviation career incentive pay (ACIP) do not authorize the Coast Guard to discontinue payment of ACIP based on aviation officer retention rates. The Coast Guard is required to pay ACIP to officers designated as Coast Guard aviators who meet the prescribed operational flying duty criteria.

While ACIP is intended to influence officers to enter into and remain in a military aviation career, ACIP also compensates officer aviators for the more hazardous character of a flying career. Even when officer aviator retention rates are high, the more dangerous than normal character of a flying career remains. This is why the entitlement to ACIP is not solely based on aviation officer retention. Prior to 1974, the year legislation authorizing ACIP was enacted, officer aviators were paid hazardous duty incentive pay (HDIP).

There is a discretionary aviator pay entitlement, separate from and in addition to ACIP, that is related to aviation officer retention. 10 USC 301b authorizes the Secretaries concerned to pay a continuation bonus to aviation officers in aviation specialties in which there is a shortage of officers, if they execute a written agreement to remain on active duty in aviation service for a specified period of time. This bonus serves the same purpose for aviation officers as reenlistment bonuses serve for enlisted members in similarly affected specialties. While the Department of Defense (DOD) services pay this aviation officer continuation bonus, the Coast Guard has not required the use of this bonus to date.

Military pay entitlements are intended to pay members of the uniformed services comparably. Coast Guard officer aviators are paid ACIP on the same basis and for the same reasons as DOD officer aviators.

HAZARDOUS DUTY INCENTIVE PAY (HDIP)

Mr. CARR. About 18 months ago, the Inspector General reported overpayments of flight pay. In response, the Coast Guard initiated a "board of informal investigation" to audit flight pay payments. The board found extensive problems in administration of the flight pay system, and recommended recoupment of approximately $800,000. There is no indication in your fiscal year 1995 justifications that these savings have been taken into account. Why not?

[The information follows:]

The Coast Guard informal board of investigation (the Board) estimated that over a cumulative 2 year period the Coast Guard overpaid hazardous duty incentive pay (HDIP) to aviation enlisted personnel for flying duty. This amount was based on the number of months of overpaid HDIP that the Board identified, multiplied by an estimated average monthly amount of HDIP.

The Coast Guard Pay and Personnel Center (PPC) was tasked with recouping the overpaid HDIP. PPC has reviewed virtually all of the overpayment cases to determine the actual amount of overpaid HDIP to be recouped. Thus far they have scheduled approximately $447 thousand for recoupment. PPC is working to adjudicate the few remaining cases with extenuating circumstances, that might mitigate recoupment. Within the next two months, they should know the total recoupment involved.

The majority of overpaid HDIP will be recouped by the end of fiscal year 1994. The actual amounts of overpaid HDIP that will be recouped in fiscal year 1994 and 1995 depend on the resolution of repayment schedule issues for several individual cases. These are non-recurring, one-time recoupments.

BOARD OF INVESTIGATION RECOMMENDATIONS

Mr. CARR. The board of investigation made several recommendations concerning training, eligibility for flight pay, monitoring and administration. All recommendations were to be implemented by November 1993. Would you discuss the specifics of these findings and recommendations and tell us whether you met the implementation date of November 1993?

[The information follows:]

The following describes the summarized recommendations of the informal board of investigation (the Board) and the implementation status of each recommendation:

(1) Immediately clarify the hazardous duty incentive pay (HDIP) entitlement and enlisted aviation personnel policies that the Board found were most commonly misapplied in the field. Status: Done. A Coast Guard-wide message clarifying these policies was published in September, 1993.

(2) Commence recoupment of the appropriate amount of HDIP from the overpaid members. Status: Done. By November 1993, all overpaid members were notified by letter of their debt and the collection process. For those members who had not already repaid their flight pay debts, recoupment commenced in January, 1994.

(3) Automate the flight time tracking and HDIP entitlement determination process at Coast Guard air stations. Status: Done. The automated system was installed and operating at all Coast Guard air stations by February, 1994.

(4) Biennially review each officer aviator billet to ensure the billet's flying requirement is properly designated. Status: Done. 1993 review completed September, 1993.

(5) Annually review each officer aviator's flying requirement designation to ensure it matches the flying requirement designation of the billet in which the aviator is assigned. Status: Done. 1993 review completed March, 1993.

(6) Task Coast Guard Pay and Personnel Center (PPC) with tracking and publishing the status of each officer aviator's entitlement to continuous aviation career incentive pay (ACIP) in the officer's monthly Leave and Earnings Statement (LES). Status: Done. The requirements for this task were conveyed to PPC in November, 1993. This information will be included in officer aviators' LES's commencing July, 1994.

(7) Publish a comprehensive HDIP Commandant Instruction (an internal policy and procedures document) that includes specific guidance on limiting the number of Coast Guard members on flight orders, and administering and auditing flight pay actions. Status: Under development. Expect publication in May, 1994.

(8) Establish an aviation HDIP training program for aviation personnel. Update the training program after the aviation HDIP Commandant Instruction is published. Status: For more than a year, Coast Guard aviation units have used a flight pay training video developed by the Board. The training program update pends publication of the Commandant Instruction.

RESPONSIBILITY PAY/SEA PAY FOR OFFICERS

Mr. CARR. The Coast Guard also has pay categories called "responsibility pay" (approximately $100,000) and "sea pay for officers" (approximately $1.8 million). What are you paying people for in these cases?

[The information follows:]

Responsibility pay is intended as compensation for the burdens that accompany certain positions of unusual responsibility, as well as an incentive for officers to seek such positions, including unit commands.

Under Section 306 of Title 37, U.S. Code, Secretaries concerned are given the discretion to designate which positions, if any, should qualify for responsibility pay.

Career sea pay serves as both incentive and compensation for sea duty. The conditions associated with sea duty have historically supported the propriety of this compensation, regardless of any need for a retention incentive. These conditions, unique to sea duty, include: cramped living and working conditions, long working hours and limited recreational facilities at sea, inport duty to maintain vessel readiness, unpredictable operating schedules, and routine extended family separations.

Section 305a of Title 37, U.S. Code, an Executive Order 11157 require payment of career sea pay to officers assigned to career sea pay eligible vessels.

The Coast Guard's payment of career sea pay and responsibility pay to eligible officers is consistent with the Department of Defense services, as the associated laws apply equally to all uniformed services.

RESPONSIBILITY PAY JUSTIFICATION

Mr. CARR. In particular, why is it necessary to continue paying responsibility pay to a select group of officers (commanding officers of Coast Guard cutters) when officers of equal rank and responsibilities at other facilities are not paid this special pay?

[The information follows:]

Commanding officers of Coast Guard cutters receive responsibility pay in recognition of the unique risk and responsibility of operating a cutter often independent of other support. Cutter commanding officers must be constantly aware of and oversee all shipboard activities in order to maximize the unit's readiness and emergency response. Cutters often operate under harsh environmental conditions and perform missions that necessarily put the vessel in harms way. The cutter commanding officer is on call 24 hours a day, 7 days a week when underway frequently making the duty and responsibility more mentally and physically demanding than shore assignments. Responsibility pay, in part, compensates individuals for accepting this type of responsibility.

CONTROLLING HEALTH CARE COSTS

Mr. CARR. Health care costs for the Coast Guard's active duty military personnel have been rising at annual rates of 10 to 20 percent for the past several years. What attempts has the Coast Guard made to bring those costs under control?

[The information follows:]

Health care costs for the Coast Guard's active duty personnel and their dependents have increased at an average of 9 percent since fiscal year 1988, this is below the national average. Several management initiatives have been successfully implemented to control costs. The Active Duty claims program, which legally requires nonfederal providers to accept predetermined payments for inpatient care, resulted in a cost avoidance of $2 million in 1993. It is estimated to result in a $2.2 million cost avoidance 1994. The Federal Medical Care Recovery Act permits the recovery of the government's cost of health care provided for an injury or disease caused by someone other than the injured party or from the member's first party payor insurance. This initiative enabled the Coast Guard to collect costs of health care from third parties; allowing the Coast Guard to avoid $400 thousand in costs in 1993 and an estimated $300 thousand in 1994. During 1993, the Coast Guard also recouped $850 thousand from insurance companies and other third parties to cover the cost of treating injuries and illnesses for Coast Guard beneficiaries. These funds were turned over to the general treasury. Quality assurance oversight of pharmaceutical inventories, procurement sources and waste control help contain pharmacy related costs. In 1991, the Coast Guard established an aggressive Wellness and Prevention program, which is to encourage healthy lifestyles and reduce health care costs. The development and implementation of the Office of Health and Safety (G–K) Resource Information System (KRIS) is scheduled for completion in late 1995. This database system will help to control and manage costs through comparison of health care sources to find their most cost effective and efficient methods of health care delivery. The initial success of Department of Defense (DOD)'s "Tri-service" health care system (TRICARE) pilot project in the Tidewater, VA area forecasts potential future reductions when TRICARE is implemented nationwide. The Coast Guard intends to become a full participating player with DOD's TRICARE system on a region by region basis. Active discussions are already underway between the Coast Guard and DOD to integrate our programs. It is still too early to estimate cost impact as a result of Coast Guard TRICARE participation. DOD has not yet set enrollment fees, nor negotiated the majority of nonfederal contracts necessary to provide care within each respective region as a supplement to in-house care.

IMPROVEMENTS IN MANAGEMENT DATA FOR HEALTH CARE SYSTEM

Mr. CARR. The Coast Guard's "health care delivery study," issued in November 1990, stated that there was a general lack of information and data on the health care program, including: Cost data is not available; CHAMPUS use data is not available; there is a lack of program indicators; and there is inadequate measurement of system inputs and outputs.

The report concluded that your health services program "does not have the ability to evaluate system performance and results effectively." What specific improvements have been put in place since that time to provide the management data you need to ensure the effective utilization of your health care budget?

[The information follows:]

The Coast Guard is working hard to resolve the information deficiencies documented in the Health Care Delivery System Study. In 1993, we started a three-year Resource Information System project to integrate cost and utilization data from all five sources of Coast Guard health care: Civilian Health and Medical Program for the Uniformed Services (CHAMPUS), Coast Guard and Department of Defense facilities, Uniformed Services Treatment Facilities, and non-federal providers.

The Resource Information System will be complete in fiscal year 1995 at a total cost of $6.2M in Acquisition, Construction & Improvements (AC&I) funds. It will provide the tools the Coast Guard needs to manage all Coast Guard resources (all sources of funds, personnel, facilities and equipment) used in delivering health care. It will help control costs by providing the data required to make more informed decisions regarding the most efficient, cost-effective means of health care delivery to all beneficiary groups.

We have acquired CHAMPUS cost and utilization data through an agreement with the Army. By the end of fiscal year 1995, information from the other three sources of health care will be fully integrated so that we can compare them by geographic area and beneficiary demographics to determine cost effectiveness for different sources of care.

The system is being developed concurrently with program Measures of Effectiveness and will provide management information needed to evaluate program performance.

PRESCRIPTIONS BY MAIL PILOT PROJECT

Mr. CARR. This study suggested that allowing prescriptions to be reordered by mail had the potential to improve customer convenience for Coast Guardsmen and their families as well as offer substantial cost savings to the service. I believe the Coast Guard had a pilot project under way to investigate this concept. What did you find?

[The information follows:]

In fiscal year 1993, the Coast Guard Health Services Program initiated a test program to deliver limited prescriptions by mail to active duty members and active duty dependents who do not live near military pharmacies. Despite its limited scope, the program has enabled the Coast Guard to avoid over $60,000 in costs. Beneficiaries also saved over $10,000 collectively in CHAMPUS co-payment expenses.

Due to this success, the program was expanded in fiscal year 1994 to include more types of medications. The Coast Guard pharmacy at the Aviation Training Center in Mobile, Alabama provides mail prescriptions for Coast Guard personnel in the Midwest who are not located near military pharmacies. This program offers all medications on the Coast Guard Core Formulary (list of medications commonly provided in Coast Guard clinics) to those members located in that area. The projected fiscal year 1994 cost avoidance for the Coast Guard is $100–$120,000. Beneficiaries are expected to save an estimated $15,000 in CHAMPUS co-payment expenses. The Coast Guard is continuing to explore expanding this program to all geographic areas where a positive benefit/cost ratio can be demonstrated. Additionally, the Department of Defense (DoD) is planning a mail prescription program. We intend to monitor the development of DoD's program and analyze Coast Guard participation in the program.

UTILIZATION OF DOD AND COAST GUARD HEALTH CARE FACILITIES

Mr. CARR. DOD's CHAMPUS program (civilian health and medical program of the uniformed services) provides reimbursement for civilian health care providers, which is the most expensive and fastest growing component of overall military health care. While outpatient visits to Coast Guard clinics have been declining, civilian care has been increasing.

In 1990, CHAMPUS costs represented 40 percent of the Coast Guard's health care budget (compared to 23 percent for the DOD). Has the Coast Guard taken any steps to encourage the greater use of lower-cost Coast Guard or DOD clinics, rather than higher-cost civilian providers?

[The information follows:]

Yes, the Coast Guard (CG) has made a number of changes to improve the quality and assessibility of health care at CG clinics, thereby encouraging the use of this least expensive form of health care. An appointment system was instituted at all clinics to increase efficiency and reduce patients' time waiting for care. Beneficiary waiting time was also decreased by adding 11 additional mid-level providers in recent years (five of these were contract providers). CG clinic primary health care medical outpatient visits, for all eligible beneficiaries, have increased from 311,178 for fiscal year 1992, to 319,005 for fiscal year 1993. This includes an increase of 728 outpatient visits for CG CHAMPUS eligible beneficiaries during the same period.

The percentage of the CG's health care budget spent on CHAMPUS (41 percent), relative to the Department of Defense's (DOD's) (23 percent), is expected to remain relatively constant. The majority of active duty DOD beneficiaries reside in or around military bases which offer a full range of health care services (including inpatient care) through military treatment facilities (MTFs). In constant, 44 percent of active duty CG beneficiaries are geographically dispersed and do not enjoy comparable access to MTFs.

Retired beneficiaries of all services tend to locate themselves near a military base to maximize their retired benefits, including MTF health care. Base closures and realignments have impacted the MTF system, shifting beneficiaries from MTF to CHAMPUS care.

The most recent initiative to maximize use of MTFs is the CG's participation in DOD's "Triservice" health care system (TRICARE) program. The CG has been an active participant in the Tidewater, Virginia, TRICARE project which will serve as a model for the upcoming national TRICARE system. TRICARE is managed care system that will seek to maximize utilization of DOD and CG facilities through the use of gatekeepers and computerized appointment systems. There are three options in TRICARE available to non-active duty personnel (CHAMPUS beneficiaries). TRICARE Standard is an ordinary form of health care coverage similar to CHAMPUS offering the most personal choice, but at the highest cost to both the beneficiary and the service. TRICARE Extra is a Preferred Provider type of organization in which the member chooses from a list of providers participating in the program. The member pays a nominal co-payment for each visit. This is slightly less expensive for both the member and the organization. TRICARE Prime is a type of Health Maintenance Organization where most care is provided in military facilities at no cost to the member. This option is the least expensive of all to the service. Non-active duty personnel who participate in the TRICARE Prime option will be treated almost exclusively at MTFs. Although a high percentage of CG beneficiaries live outside MTF catchment areas, our participation in TRICARE will help maximize use of MTFs for those personnel who are not geographically excluded.

DOD'S TRICARE-TIDEWATER DEMONSTRATION

Mr. CARR. DOD was implementing a new concept they called "coordinated care," to better manage CHAMPUS demand and reform the payment system. This idea was being pilot-tested in the Tidewater area of Virginia in fiscal year 1991. Are you aware of the results of that study, and its implications for the Coast Guard?

[The information follows:]

The Coast Guard has been an active participant in DoD's TRICARE-Tidewater demonstration project since 1992. Coast Guard beneficiary satisfaction with this project, which is a model for national health care reform, has been high. Successes of the project include: improve inter-service cooperation establishment of TRICARE Service Centers, an improved mental health contract, and an expanded TRICARE provider network. Approximately 8,000 (2 percent) of the 400,000 military beneficiaries in the Tidewater area are Coast Guard. The TRICARE Tidewater Project Office reported a $28,300,000 CHAMPUS cost avoidance for fiscal year 1993 for all the Services. This resulted from an increase in the use of the direct care system, a decrease in use of Standard CHAMPUS, and an increase in the use of CHAMPUS preferred providers. The Coast Guard should continue to benefit from our involvement in the Tidewater area managed care initiative. Additional cost avoidances are expected as the managed care program is refined and expanded to other areas of the country.

UTILIZATION OF DOD HEALTH CARE INITIATIVES

Mr. CARR. Your 1990 health care study concluded that "the Coast Guard must become an active player in the coordinated care program. We cannot watch from the sidelines." Do you endorse that statement? If so, how is the Coast Guard getting involved?

[The information follows:]

Yes, the Coast Guard is participating in all of the Department of Defense (DoD) sponsored managed care initiatives. Since 1992, our beneficiaries in the Tidewater Virginia area, and our clinics at Reserve Training Center Yorktown and Support Center Portsmouth, have been full participants in TRICARE-Tidewater, DoD's primary CHAMPUS managed care demonstration project. Also, approximately 7,500 non-active duty Coast Guard beneficiaries have enrolled in the Uniformed Services Family Health Plan, the managed care plan of the Uniformed Services Treatment Facility Program. In addition, many non-active duty Coast Guard beneficiaries have enrolled in the managed care options now available in California and Hawaii as part of the CHAMPUS Reform Initiative. In March of this year, the Coast Guard elected to participate in TRICARE, DoD's national plan to coordinate care for the Military Health Services System.

ACADEMY CLIMATE ASSESSMENT STUDY

Mr. CARR. Last year we discussed the findings of your "climate assessment" at the Coast Guard Academy, which showed high rates of sexual harassment and low training of core Coast Guard values. I understand that the Coast Guard presented a briefing to the Defense Advisory Committee on Women in the Services (DACOWITS), which laid out a plan for addressing these issues. What are the main elements of your plan?

[The information follows:]

The Climate Assessment focused recommendations around five major issues: encouragement of initiative, critical thinking, productivity, promoting an appreciation of diversity, and enculturation/morale. The study also indicated that "Any significant change in the culture involves a myriad of limited, mutually-reinforcing actions which build momentum over time."

To address the recommendations, the Academy has developed a four part plan of action. First, it includes reviewing the many programs that were already in effect before the Climate Assessment and modifying programs as necessary to address current needs. This has been accomplished. Secondly, they have augmented these programs with new ones that address issues deemed relevant after the Climate Assessment. This is an ongoing process of continuous review and change to which the Academy is committed. These programs are summarized below.

The third part is to complete and implement an in-depth Diversity Plan. This plan will tie all gender and ethnic issues together into a comprehensive approach with a goal to make the Academy environment positive for all personnel. A study group representing a wide cross-section of Academy personnel (faculty, staff, cadets) has been formed and is well underway. A draft proposal should be completed within a few months.

The fourth part of the Academy's action plan involves assessment. They have begun, and will continue to implement, an extensive evaluation plan which will include reevaluating and improving all programs, past, present, and future.

The following Academy programs address the climate assessment's recommendations:

Human Relations Council—23 members from various divisions and locations at the Academy, who address human relations issues.

Cadet Human Relations Program—48 cadets selected by their peers, who meet monthly for training and discussions on human relations topics.

Federal Women's Program—Federally mandated program which provides training and assesses the progress of women in the federal work-force.

The Social and Professional Interest Network (SPIN)—6 military and civilian permanent women employees located in different divisions and locations at the Academy, who address issues related to diversity. SPIN received Connecticut's American Association of University Women's 1993 Progress Toward Excellence in Equity award.

Women in Society Lecture Series—developed by First Class women cadets is a lecture series that presents issues and concerns of women at breakfast meetings.

The Academy has increased training on diversity and human relations issues including sexual harassment prevention, increasing human effectiveness, employee relations, date rape prevention, communications, managing in a minority environment, and leadership.

To address the CYA concern in the climate assessment, the Academy has analyzed problems associated with this issue in the Cadet Corps itself and between the Cadet Corps and the Academy Administration. The Academy has (1) Increased involvement of cadets in the administration of the Honor System; (2) Modified company officer collateral duty assignments so that they have more time to spend with cadets; and (3) Established Corps-wide project committees which provide periodic reports to the Commandant of Cadets (i.e project to overhaul the alcohol policy, familiarizing Cadets with the TQM process, etc.) This cadet involvement has decreased misperceptions and increased communications and trust. Additionally, cadets are encouraged to show more initiative in suggesting ideas and improvements to the Academy administration.

Mr. CARR. Last year, you told us that you plan to do a follow-up assessment, to measure any improvement (p. 796). The original survey was conducted two years ago, with the final report released in July 1992. Do you have a schedule for the follow-up?

[The information follows:]

Continuing discussions with Princeton Economic Research Company, the originator of the study, recommended a 5 year follow-up assessment. This recognizes that it takes time to effect changes in individuals' cultures, and to measure improvement.

The Coast Guard, in coordination with the Department of Transportation, will complete a prototype cultural assessment in the Portsmouth, Virginia area by the beginning of fiscal year 1995. Based on the results of this prototype and necessary adjustments, the Coast Guard intends to conduct a service-wide cultural audit, which will include the Academy. This continues our effort to do the right thing by looking for areas that may need improvement. However, there is risk inherent in performing any self-assessment as the results may be incorrectly interpreted. These highly complex issues must be carefully evaluated within the full context of the assessment.

Mr. CARR. Do you have a commitment from your nominated successor, Admiral Kramek, to conduct this follow-up assessment and take whatever actions are necessary to improve the climate at the Academy?

[The information follows:]

Admiral Kramek is committed to conducting follow-up assessments and implementing appropriate follow-up study recommendations.

ACADEMY RETENTION RATE

Mr. CARR. We also discovered last year that it costs an average of $47,000 per graduate per year at the Academy ($188,000 to graduate one student). This is high partly because of the large washout rate at the Academy. In fiscal year 1993, for example, the Academy graduated only 63 percent of the 291 cadets admitted four years earlier. Given the extreme budget constraints we are now under, have you explored ways to improve the Academy's retention rate (i.e., lower the washout rate)?

[The information follows:]

The 63 percent retention rate is misleading. This figure reflects the retention rate from the day cadets are sworn in until they graduate. This includes the rigorous "Swab Summer" program where on an average 7 percent—10 percent leave before they begin their academic year. Very little expense is incurred by the government in these few short weeks of Swab Summer. For instance, the Class of 1993 actually had a retention rate of 70 percent from the start of classes their freshman year (fourth classman) until graduation. This retention rate is actually higher than most engineering colleges or universities in the country.

Retention rates have improved for the Class of 1994. It appears that the class will have a 69 percent overall retention rate and a 74 percent retention rate since the beginning of classes.

The increase in retention is the result of the Academy adding a number of programs in recent years to increase retention. Some of these programs include mandatory study hall for at-risk students, increased screening of potentially academically weak students through a summer assessment program, and an increased emphasis on tutoring, summer school, and academic counseling.

ACADEMY MEDICAL CARE/CADET BAND COSTS

Mr. CARR. Looking back over a graduate's time at the Academy, it costs the institution an average of $6,000 for medical care over those four years. This sounds like a lot. The Academy also pays an average of $8,800 per graduate for participation in the band. Why should costs such as these be so high?

[The information follows:]

The $6,000 over a four-year period is significantly less than the $9,536 required over a four year period for the government insurance plan for a single civilian employee. The Academy is able to keep costs this low by maintaining a medical clinic staffed by U.S. Public Health Service doctors and a combination of Coast Guard, civilian, and contracted medical technicians. This clinic also serves other active duty Coast Guard and military retirees at a significant cost savings to the Coast Guard compared to the alternative of reimbursing the Department of Defense for the use of their medical facilities.

The $8,800 cost per graduate for participation in the band is incorrect. It is possible that you are using figures that pertain to the Coast Guard Band, a separate Coast Guard unit located at the Academy. However, the Coast Guard Band has no cadet members and is not used for nor charged against the cost of the cadet's education. Over the past two years, an average of approximately $1500 per year in appropriated funds has been allocated to the Academy Cadet Band program. The remainder of musical activities at the Academy are supported by non-appropriated funds.

CADET PAY

Mr. CARR. The Coast Guard pays cadets a stipend of $543.90 a month to attend the Academy. In fiscal year 1992, this cost the Coast Guard approximately $5.6 million. Since the cadets are already provided meals, lodging, tuition, and other needs, why is a payment of this magnitude necessary?

[The information follows:]

Title 37 USC 203(c)(1) entitles a cadet to $543.90 in monthly pay. After taxes are withheld, cadets use the remainder of this entitlement to pay for required uniforms, books, hair cuts, cadet dues (includes musical, athletic, morale, and extracurricular activities), cleaning supplies, toiletries, and other personal items. The cadet education and training program is conducted year round, which prevents cadets from holding traditional summer jobs to earn money to pay for these essentials during the academic year.

CADET FUND

Mr. CARR. The Coast Guard has established the cadet fund at the Academy, which is a trust fund to receive cadet stipends and make payments to vendors on behalf of the cadets. Your annual financial statement for fiscal year 1992 showed that 58 percent of the cadet accounts were overdrawn, and that funds were regularly advanced from the operating expenses appropriation in order to keep the trust fund solvent. Why is this practice necessary?

[The information follows:]

In 1985, the DOT Inspector General examined this practice and found it consistent with federal law. The Treasury requires that revolving funds, like the Cadet Fund, maintain a positive balance. The Coast Guard temporarily advances operating expense funds to the Cadet Fund to keep it from being deficient. This practice is required because of the substantial amounts paid from the Fund when a new class of cadets reports in. These initial expenses include uniforms, books, a computer, and other personal items. To help defray these expenses, incoming cadets are required to deposit $1500 into their accounts in the Fund upon entrance into the Academy. However, the start up expenses withdrawn from the Fund are significantly greater than the deposit and monthly cadet pay into the Fund, resulting in an initial deficit account. Although cadets eventually reimburse the Fund for these expenses, it takes time. Subsequently, appropriated funds are temporarily advanced in order to report the Cadet Fund solvent.

ACADEMY USE OF APPROPRIATED FUNDS FOR SOCIAL FUNCTIONS

Mr. CARR. In an audit last year, the IG found that the Academy used appropriated funds to pay for receptions, dances, formal dinners, and other special entertainment functions for cadets. I understand the Coast Guard believed these expenses were proper because they were necessary to prepare a cadet for a military officer's career. Would you explain this to us?

[The information follows:]

Some social functions are an integral part of a military officer's training. Military customs, etiquette, and protocol are important aspects of military service. All officers are evaluated on these attributes throughout their career. Accordingly, appropriated fund support was considered legitimate.

Mr. CARR. Is it common practice at U.S. military academies to use appropriated funds for such activities?

[The information follows:]

No, it is not a common practice at U.S. military academies to use appropriated funds for social functions. The DOT IG audit team contacted the United States Military Academy and the United States Merchant Marine Academy and were informed that neither of them use appropriated funds to pay for social functions. The Program Manager for the Coast Guard Academy contacted the United States Naval Academy and United States Air Force Academy, and was informed that neither of these academies uses appropriated funds for social events.

Prior to the DOT IG audit report, the Superintendent stopped using appropriated funds for functions which are primarily social in nature, where no legitimate training objectives are met. The costs of these social functions are now paid by the cadets or with non-appropriated funds. The DOT auditors consider the Academy's action responsive to the recommendations of the audit report.

PERFORMANCE MEASUREMENT SYSTEMS

Mr. Carr. Admiral, in last year's hearing we discussed the Coast Guard's lack of information about its programs which would enable the service to more effectively manage its resources. In response to these concerns, you said, "I recognize that progress is slow in this, but we are moving to develop a solid framework." Can you update us today on what new information databases are being developed to help the Coast Guard better track mission performance?

[The information follows:]

Information systems currently under development that will enhance resource management include:

1. MISLE: Marine Information for Safety and Law Enforcement is the umbrella term that describes 3 related projects: Marine Safety Network (MSN), Vessel Identification and Documentation System (VIDS), and Law Enforcement Information System (LEIS). MISLE satisfies the legislative mandate of Public Law 100–710, which requires the establishment of a nationwide vessel identification system and the modernization of maritime commercial instruments and liens processing. Networking will allow the exchange of information between federal, state, and local law enforcement officials which will enhance marine safety, law enforcement, and the civil penalty process.
2. SAIL: Systems to Automate and Integrate Logistics is the umbrella term used to describe 4 related projects: Configuration Management (CM), Supply Center Computer Replacement (SCCR), Defense Logistics Management (DLM), and Fleet Logistics System (FLS). The goal of the SAIL initiative is to integrate several diverse projects into a common, cross-programmatic, logistics management system that will provide automated data and decision support tools to more efficiently and cost effectively manage Coast Guard ships and support units.
3. KRIS: The Health and Safety Resource Information System will help manage and budget health care delivery resources, and measure the effect of preventative measures. The system will link the existing Clinic Automated Management System (CLAMS) and Non-Federal Invoice Processing System (NIPS) with a new module, the Management/Executive Information System (MIS/EIS).
4. The Search and Rescue Management Information System (SARMIS) will replace the obsolete system currently in use.
5. The Finance Center Information System Replacement project will replace existing, functionally obsolete information systems with a single, integrated hardware and software system capable of adapting to evolving technology and database growth.
6. The Aviation Logistics Management Information System (ALMIS) will integrate the Aviation Management Information System (AMMIS) and Aviation Computerized Maintenance System (ACMS) into a single system.

In addition to the development of information systems, key personnel in all programs have been trained this year in process measurement and are developing associated tracking systems. Local databases are being developed to support the requirements of process and program outcome measures that have been generated through the Coast Guard's new planning process.

OPERATIONAL INFORMATION SYSTEM

Mr. Carr. A few years ago, a Coast Guard study found that personnel at small boat stations were spending half their time doing paperwork. In response, the Coast Guard R&D center was developing the operational information system, a pen-based computer system to reduce paperwork and provide better management information on operations at these units. Has this project been a success?

[The information follows:]

Preliminary indications from field units participating in the pilot program are that the project will be highly successful, but final results will not be available until the pilot program is complete. The concept of the pen-based computer system has been developed and will be evaluated during the 1994 spring/summer search and rescue season at the pilot testbed located at Group Long Island Sound.

Mr. CARR. Has the Coast Guard considered expanding use of the operational information system to other facilities?

[The information follows:]

Yes, the Coast Guard has plans to expand the operations information system pilot project beyond Groups and Stations (phase I of the project) to include the HH–60 Jayhawk helicopter, Air Station Cape Code, and the First District Operations Center in Boston (phase II of the project). There is a $1 million funding request for phase II concept development work in the fiscal year 1995 Research, Development, Test, and Evaluation budget request.

MEASURES OF PROGRAM EFFECTIVENESS

Mr. CARR. Of course, the information isn't of much value unless there are standards against which to measure performance. The GAO believes that the Coast Guard should begin to develop measures of effectiveness for its programs by selecting a few mission areas first. In your view, which mission areas should we begin with, and to what extent is the Coast Guard planning activities in this area?

[The information follows:]

While the Coast Guard has begun planning cycles that will lead to development of measures of effectiveness in all of its programs, special attention has been placed in the mission areas of search and rescue (SAR), marine safety and security (MSS), and marine environmental protection (MEP). These mission areas were selected for their importance to the public and high demand of Coast Guard resources. The MSS and MEP programs were selected to be pilot programs for the Government Performance and Results Act of 1993. Contracted assistance from Sandia National Laboratories and Battelle Pacific Northwest Laboratories has been obtained to help develop measurement methodologies and program measures of effectiveness for the MSS and MEP programs.

Mr. CARR. What is your schedule for implementing measures of effectiveness?

[The information follows:]

The Coast Guard Planning and Programming Manual now requires measures of effectiveness in all program description and business plan submissions. Implementation of the measures of effectiveness will coincide with the submissions. In fiscal year 1994, support programs will develop program descriptions and business plans. In fiscal year 1995, operating programs will, in turn, submit those documents. This alternating cycle will continue in successive years. With each cycle, every respective program's measures of effectiveness will be reviewed and evaluated for continuous improvement, focus on results, and impact on customer satisfaction and service delivery.

EXCESS SPARE PARTS INVENTORIES

Mr. CARR. The Coast Guard has acknowledged problems for many years in its management of spare parts. We have been repeatedly told that improvements are under way, but we continue to see troubling reports. A recent example is a July 1993 Inspector

General audit, which found that more than one-third of the inventory sampled at one of the Coast Guard's large supply centers (Curtis Bay, Maryland) was overstocked and potentially excess. Doesn't the Coast Guard have management systems sufficient to recognize when you are overstocked by one-third of your inventory?

[The information follows:]

The Coast Guard does have management systems in place to recognize overstocking problems. The Coast Guard does not concur with the July 1993, Inspector General (IG) audit in regards to inventory overstock findings. The Coast Guard estimates a potential overstockage of $1.7 Million, which is less than 2 percent of the total spare parts inventory on hand. In follow-on discussions, the IG agreed to a Coast Guard proposal that we review each stock item in question using a new economic order quantity (EOQ) inventory model placed in service in February 1994. By August 1994, we will have completed this review and will either declare the unnecessary inventory as excess or further justify its retention.

Much of the inventory questioned by the IG reported as overstocked material is engines in our rotatable repair programs and equipment nearing obsolescence or out of production. These will be needed for continued support of Coast Guard vessels, because replacements will not be obtainable in the future. For example, the engines for the 110′ patrol boat are now entering their first change-out rotation based on operating hours. Most of the 110′ patrol boat engines were not domestically manufactured and are now out of production, therefore it makes good business sense to retain "extra" spares. Another example is the 41′ UTB (utility boat) engines, also no longer in production, but will be required to support the 41′ UTBs for the next 10 years.

We generally agree with the remaining management process improvements recommended by the IG and have aggressively taken action to implement them. Spare parts management improvements are a high priority in the Coast Guard. Several significant Coast Guard initiatives are in progress, in addition to the improvements suggested by the IG, that promise significant advances in spare management.

Mr. CARR. The IG estimated it costs the Federal Government $5.1 million a year to retain these overstocked vessel parts in the Coast Guard. Do you agree with this estimate?

[The information follows:]

No, the Coast Guard's position is that the Department of Transportation Inspector General (DOTIG) significantly over estimated the amount and value of excess inventory at Supply Center Curtis Bay (SCCB) and the associated inventory holding costs. The Coast Guard strongly contends that there was very little excess inventory. During a July 1993 audit, DOTIG estimated $22 million of SCCB inventory as potentially excess. They applied a holding cost factor of 23 percent to this $22 million figure arriving at a $5.1 million holding cost.

SCCB acknowledges approximately $1.7 million as potentially excess. The associated holding cost to the federal government for this figure is significantly less.

EXCESS AIRCRAFT PARTS

Mr. CARR. You have had similar problems in overstocking aircraft parts. Last year, the Coast Guard admitted it had $75 million in excess but usable aircraft parts. Even though these parts would eventually be needed, they were apparently procured ahead of when they were needed, resulting in unnecessary costs for storage. Do you now have the data systems and management controls in place to monitor this situation more effectively?

[The information follows:]

Yes, when inventory overstock surfaced, the Aircraft Repair and Supply Center (ARSC) focused on optimizing inventory and logistics. ARSC installed new math models for inventory requirement determinations on its computer, which is being replaced by the Aviation Maintenance Management Information System (AMMIS). AMMIS includes these and other improved models, which will allow stocking decisions based on resource-to-availability considerations. All relevant data required for these models will be contained in a single database that will allow useful and complete management reports. ARSC has published and adheres to strict requirements that force inventory managers to use these models for all procurements, with senior management signatures required for deviations.

Mr. CARR. According to last year's hearing, those excess aircraft parts were being applied to future requirements. I would assume, therefore, that your budget for aircraft maintenance would be lowered as you "burn off" your existing inventory of parts. Yet your fiscal year 1995 budget request has a higher increase for depot level aircraft maintenance (2.1 percent) than for the overall Coast Guard operating budget (1.5 percent). Why is this?

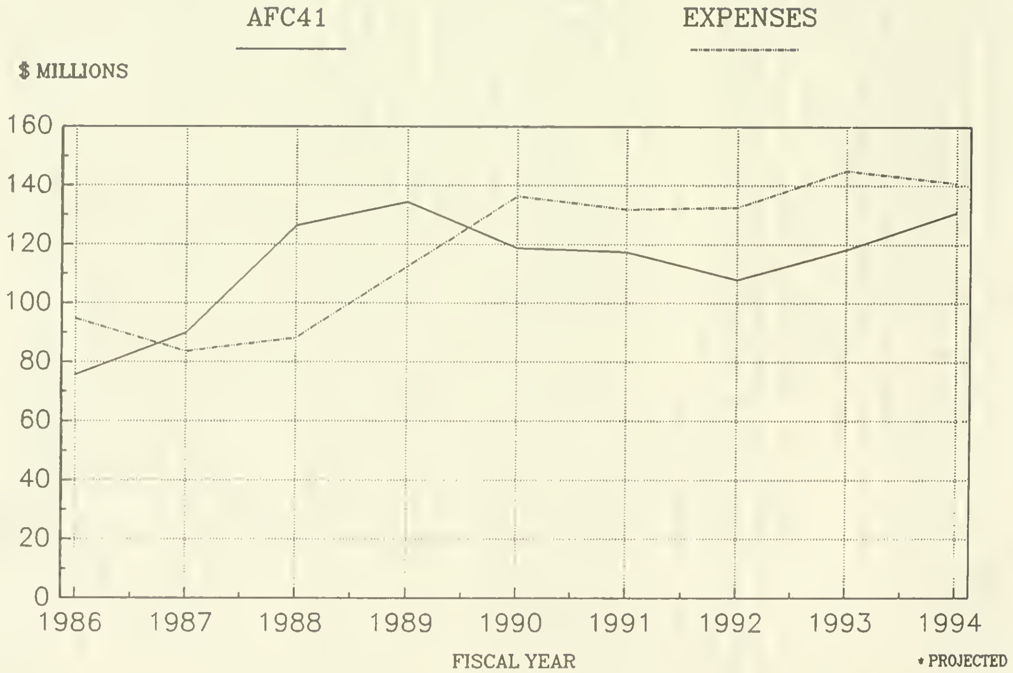
[The information follows:]

Cost avoidance from excess parts are nonrecurring and most of the avoidances realized from using excess parts have already occurred. The Aircraft Repair and Supply Center (ARSC) avoided costs of about $32 million in fiscal year 1992 and $15 million in fiscal year 1993. Expected cost avoidance from deferrals will amount to about $8 million in fiscal year 1994 and $5 million in fiscal year 1995.

Even after consideration of these cost avoidances, ARSC has experienced an operating deficit since 1989. In fiscal year 1993, Congress directed a $3 million recurring reduction in the AFC–41 funding base. Also in fiscal year 1993, we conducted a detailed analysis of cash flow and capitalization at ARSC. The graph, an excerpt from that analysis, shows actual ARSC OE funding (AFC–41 in millions) and actual net expenditures (in millions). Deficits/surpluses equate to decreases/increases in inventory capitalization. Actual inventory position for each line item is compared with stock objectives. ARSC expenses (actual inventory usage) have exceeded funding levels for the last four fiscal years despite the consumption of excess parts. Excess parts consumption mitigated the funding shortfall, but did not eliminate it.

The 1.5 percent overall average cited is based on an aggregate of changes in the OE appropriation which includes program reductions of over $42 million. The fiscal year 1995 budget request is based on a line item requirements budgeting process. The 2.1 percent ($2.9 million) increase in the depot level aviation maintenance program reflects the net total of program reductions ($1.1 million) and line item increases ($4.0 million). The increases requested for the depot level aviation maintenance program are associated with the following fiscal year 1995 budget line items: 2E, Aircraft technical documentation and training support for the HC–130 and HH–60J; 2D.2, Restore HC–130 operations and maintenance funds one-time FY 1994 reduction; and 2B.1, Non-pay cost of living adjustment.

AR&SC AFC41 VS EXPENSES



ORGANIZATION OF COAST GUARD MAINTENANCE AND LOGISTICS

Mr. CARR. It would appear that your organization for logistics is fragmented. You have autonomous organizations, each run by an admiral, for engineering, supply, maintenance, and acquisition (which includes spare parts as well as logistics planning). Your Office of Logistics and Management is part of the engineering directorate, and does not report to officials responsible for operations or maintenance. We have spent a lot of time talking about "reinventing government" over the past year, which includes finding ways to streamline operations, reduce unneeded bureaucratic layers, and foster business-like practices. Has anyone looked at whether the Coast Guard could integrate its maintenance practices and reduce some of this overhead?

[The information follows:]

The Coast Guard is moving toward a more cohesive rather than fragmented logistics organization and is proactive in "reinventing government" initiatives. The Coast Guard logistics planning is integrated organizationally at the Headquarters level. The Office of Engineering, Logistics and Development is responsible for the planning, programming and budgeting of supply and maintenance activities through Naval, Aeronautical, and Civil Engineering Divisions with an overarching coordination role played by the Logistics Management Division. The Office of Engineering, Logistics and Development works very closely with our Office of Acquisition on various technical and logistics issues at all stages during the acquisition process.

In 1986, the Coast Guard conducted an extensive study to identify ways to streamline our maintenance processes and reduce overhead. This led to the creation of the two Maintenance and Logistics Commands (MLCs) that report directly to respective area operational commanders for the planning and execution of maintenance activities. While the MLC's operate as separate commands, there is extensive interface and coordination with our Headquarter's maintenance managers and our Headquarter's Support Commands (Supply Centers and CG Yard).

Since 1986, we have been working continuously to further improve logistics. One example is the pending consolidation of Supply Center Baltimore with Supply Center Curtis Bay. Several current initiatives are intended to more completely integrate maintenance and supply activities through business process redesign. The System to Automate and Integrate Logistics (SAIL), a major system acquisition under development and justified as an Acquisition, Construction and Improvement budget initiative, has great potential for management and resource efficiencies. SAIL will form the backbone of a Fleet Logistics System (FLS) that will support the naval, aeronautical, and civil engineering maintenance disciplines. We also have an initiative to consolidate supply center functions for all engineering activities. This innovative effort will integrate maintenance and supply planning and streamline portions of our support overhead. Further, the Coast Guard has recently undertaken a major study to streamline the field organization that will consider supply and logistics issues. Specifically, the study will examine Maintenance and Logistics Command functions and consider the benefits of consolidating logistics and support functions performed by the MLCs.

CUTTER DAYS AWAY FROM HOME PORT

Mr. CARR. The Coast Guard's cutters average about 180 days a year away from home port. What would be a corresponding figure for private industry vessels?

[The information follows:]

There are no private industry vessels whose operating requirements would be appropriately compared to Coast Guard cutters. U.S. flag commercial vessels average between 300 and 330 operating days per year, but they were built to meet an entirely different set of operational requirements and a different maintenance philosophy. All maintenance is contracted out. They are designed, built, crewed, and maintained for the purpose of moving cargo or passengers from one place to another, similar to a production line industry. To compare their operating statistics to those of Coast Guard cutters would be similar to comparing the annual operating hours of a long-haul tractor trailer to those of a fire truck.

Away-from-home-port standards for Coast Guard cutters are more closely aligned with the U.S. Navy's surface fleet which targets an underway average of six months per year over a four year cycle. This is known as the Personnel Tempo (PERSTEMPO) Program, and acknowledges the strain on personnel caused by being away from homeport more than the goal. This type of standard also dovetails with the Coast Guard's maintenance philosophy which requires that the ship's crew carry out virtually all routine and most emergency maintenance. National Oceanic and Atmospheric Administration (NOAA) vessels are operated in a similar manner. The vessels are base funded for 180 underway days per year. Underway days in excess of 180 days result in arduous duty pay for NOAA officers.

VESSEL LOGISTICS

Mr. CARR. You have under way a program called configuration management, which has as its objective an improvement in logistics management aboard cutters. However, this program will not be integrated into the shoreside logistics support system. This would indicate to me that each vessel might have little or no visibility into the spare parts or tools carried by like vessels in the same port. Therefore, a cutter might deploy without a critical part, when a cutter at the next pier perhaps had the part and didn't need it immediately. Also, if this information were available, it might not be necessary for each ship to carry such a high percentage of its spare parts allowance all of the time. Shouldn't the vessel and shoreside systems be integrated?

[The information follows:]

Yes. We have a major initiative to integrate shoreside and vessel logistics systems. Our new unit level system for vessels is a configuration based, maintenance and supply information system, called CMplus. This is the cornerstone of our efforts to automate and integrate the fleet logistics system. CMplus will allow each individual cutter to manage its configuration, local maintenance and supply information and pass that information to the Fleet Logistics System (FLS) ashore. Our intention is for CMplus and FLS systems to be fully integrated.

The FLS is in the requirements definition stage with a planned initial operational capability in late 1997, with follow-on development and phased implementation through 2000. A key functional requirement of the FLS is visibility of cutter based inventories. This capability will allow efficient logistics management by the (ashore) support managers with visibility of spare parts and tools carried by all vessels. The system will ensure cutters deploy with an appropriate inventory based on mission requirements.

DRUG INTERDICTION

Mr. CARR. The Coast Guard is proposing to reduce that portion of its operating expenses devoted to drug interdiction by 2.8 percent ($7.3 million) in fiscal year 1995. The Department of Defense budget requests a drop of 21 percent in their drug interdiction and counter drug activities next year. With the DOD reducing their effort by that magnitude, why isn't the Coast Guard proposing more of a cut in this area?

[The information follows:]

The National Drug Control Strategy calls for a "controlled shift" of emphasis from transit zone interdiction operations to source country initiatives. There has been no specific guidance as to which agencies would reduce their transit zone counterdrug efforts in support of source country initiatives.

However, the Coast Guard is the lead agency for maritime interdiction of illegal drugs. The National strategy recognizes that interdiction activities remain important to overall success. Accordingly, as the lead agency responsible for the maritime interdiction of illegal drugs, the Coast Guard will be involved in a more focused transit zone interdiction effort. We will remain flexible in responding to trafficking patterns as the Coast Guard balances the allocation of its limited, but multi-mission, resources in response to national priorities.

It should be noted that Coast Guard operating expenses devoted to drug interdiction significantly dropped from fiscal year 1990 through fiscal year 1993.

Fiscal Years 1990–1991: 17 percent reduction
Fiscal Years 1991–1992: 22 percent reduction
Fiscal Years 1992–1993: 24 percent reduction

The Department of Defense (DOD) is the designated lead agency for Counterdrug detection and monitoring responsibilities. DOD has significantly reduced its maritime transit zone operations in response to counterdrug budget reductions.

Mr. CARR. In past years, the Coast Guard has testified that its resources have been successful at shifting the air routes of drug smugglers from direct routes into the U.S. to indirect routes through countries with limited apprehension capabilities. If all we are doing is making the smugglers take a different (albeit more inefficient) route, can we really call that a success for our overall drug control strategy?

[The information follows:]

Air interdiction, as an element of the U.S. government's drug interdiction strategy, is intended to deny narcotraffickers access to airborne routes which would facilitate the movement of illicit contraband to the U.S. The Coast Guard, in conjunction with U.S. Customs and the Department of Defense, has participated in a successful effort to displace air trafficking routes. Previously, airborne traffickers flew their contraband directly into the U.S. Clearly, this was an unacceptable violation of American sovereignty and resolve. Today, this rarely occurs. Instead, narcotraffickers have changed their routes and methods. Coast Guard air-interdiction efforts should be measured on the basis of their ability to meet the objectives established through the National Drug Control Strategy.

To deny current smuggling routes and methods will require expanded U.S. government efforts in the source and transit zone countries, while maintaining an enforcement presence in the areas which have already been denied to the traffickers. This is exactly the thrust of the President's National Strategy, which emphasizes support to nation building efforts and institution building in those countries which are currently being used as transshipment points and safe havens.

PRESIDENTIAL DECISION DIRECTIVE 14 ON DRUG CONTROL STRATEGY

Mr. CARR. Last November, President Clinton issued a "Presidential Decision Directive" to develop an alternative to the previous drug control strategy, which placed an emphasis on interdiction. State Department official Tim Wirth was quoted as saying: "Congress and the country are very skeptical, we think with good reason, of the previous administration's efforts, which placed so much effort on interdiction." Does the Coast Guard agree with this change of emphasis?

[The information follows:]

The National Drug Control Strategy is the result of an interagency effort in support of Presidential Decision Directive 14 (PDD–14). The Coast Guard was an important participant in the development of that strategy and fully supports it.

The Strategy calls for a "controlled shift" in emphasis from transit zone interdiction operations to source country initiatives. It is important to note that the Strategy also recognizes that interdiction will remain an important element of its overall success. This is because interdiction disrupts the traffickers' use of preferred routes and methods and increases their operating costs and level of risk, and also generates important information for other law enforcement operations through intelligence collection activities. Further, the strategy retains the flexibility to respond to changes in trafficking trends.

The Coast Guard also supports PDD–14 by training host nation maritime forces in maritime counterdrug operations.

NATIONAL SECURITY COUNCIL DRUG CONTROL REVIEW

Mr. CARR. The Washington Post reported last October that the National Security Council had recently conducted a review which concluded that interdiction activities had made little, if any, dent in the flow of cocaine into this country. Are you aware of that study?

[The information follows:]

Yes, the study referred to was the seven-month long review ordered by Presidential Review Directive 18 (PRD–18). The Coast Guard was an active participant in this interagency review of the national drug control effort. The recommendation of the review resulted in the promulgation of Presidential Decision Directive 14 (PDD–14), which is the Administration's counterdrug policy concerning the U.S. government's response to international narcotic trafficking in the Western Hemisphere.

IMPACT OF DRUG INTERDICTION REDUCTIONS ON DRUG USE

Mr. CARR. Each year the National Institute on Drug Abuse (NIDA) publishes the results of its national surveys on drug abuse in the United States. In their 1993 report, they said "supply reduction does not appear to have played a major role in perhaps the two most important downturns in use which have occurred to date; namely, those for marijuana and cocaine * * * what has changed dramatically are young people's beliefs about the dangers of using marijuana and cocaine." Wouldn't this perhaps indicate that cutting back our interdiction efforts will have little effect on the use of illegal drugs among young people?

[The information follows:]

The Administration has concluded that reducing drug abuse requires both demand and supply reduction programs. While demand reduction efforts clearly include attempts to influence the beliefs of our young people, the supply oriented interdiction efforts should be complementary.

Cutting back on the Coast Guard's drug interdiction program would likely result in the increased availability and purity of illicit drugs on the streets and the resulting increased usage by various segments of society.

During 1993 alone, the Coast Guard participated in the seizure of 76,449 pounds of cocaine and 108,779 pounds of marijuana with an estimated total street value of approximately $4 billion. That $4 billion could have financed a range of illegal activities aimed at our youth and other vulnerable U.S. citizens. Declaring drug use an unacceptable social behavior, without backing such declarations with substantial efforts to reduce availability would send a conflicting message to America's youth.

Coast Guard interdiction efforts complement our country's attempts to educate the public on the effects of illegal drug use. National interdiction efforts vividly reflect the will of the U.S. Government to reduce drug availability and reinforce the belief that illegal drug use is unacceptable.

SMALL BOAT STATION CLOSURES

Mr. CARR. Given the severe budget constraints we expect to be under for the next several years, it is imperative that the Coast Guard maximize the efficiency of its operations. Your budget proposes a reduction of $691,000 due to the closure of 14 small boat (i.e., search and rescue) stations. Which stations will be closed?

[The information follows:]

The Coast Guard is in the final stages of using our recently approved Unit Change Guide to determine which stations to close in fiscal year 1995 as proposed in our budget request. We expect to forward the list to Congress by mid-May 1994 accompanied by a comprehensive report which describes the process used to make this decision.

STATION CLOSURE METHODOLOGY

Mr. CARR. A few years ago when the Coast Guard proposed closure of some of these stations, Congress restored the funding because the Coast Guard had just picked those units on an intuitive basis without following a sound methodology on which to base the closure decision. Have you now developed a methodology which justifies the closures on hard, mission-based criteria?

[The information follows:]

Yes. The Coast Guard has developed a methodology, called the unit change guide, which can be used to justify closures on hard,mission-based criteria. The Coast Guard is in the final stages of using the unit change guide to determine which stations to close in fiscal year 1995 as proposed in our budget request. We expect to forward the list to Congress in our budget request. We expect to forward the list to Congress by mid-May 1994 accompanied by a comprehensive report which describes the process used to make these decisions.

ASSESSING THE NEED FOR AIR STATIONS

Mr. CARR. The Coast Guard operates over 30 air stations and related facilities in the United States. These stations are involved in many missions, including search and rescue and drug interdiction. Like small boat stations, these facilities have sprung up over the years for a number of reasons, partly based on past work loads in certain geographic areas that may have since changed. Is the Coast Guard planning to reassess the need for all of its air stations, similar to current efforts for small boat stations?

[The information follows:]

Yes, the Coast Guard recently reassessed service-wide aviation resource needs. This assessment will result in Coast Guard proposals to change aircraft siting to take advantage of the increased capabilities of new aircraft introduced into the fleet since the mid-1980's, and also, a decrease in the number of aircraft the Coast Guard operates. The Coast Guard's fiscal year 1995 Budget proposes to retire several HU-25 aircraft. We expect to continue this effort in a future budget. However, the process was different from the small boat station needs assessment.

In 1993, the Coast Guard chartered an aircraft resource and resiting Quality Action Team (QAT). This group recommended various aircraft resitings and retirements, which are included in our fiscal year 1995 budget. Additionally, they recommended that one air station be downgraded to a seasonal Air Facility (AIRFAC), also included in our budget. However, they did not recommend that any air stations should be closed. Many of these resource adjustments are possible because recent aircraft replacements have improved mission capabilities over their predecessors, including more capable sensors and communication and navigation systems.

We have recently initiated a follow-on, phased review of our air stations to identify potential consolidations or beneficial relocations.

UNIT CHANGE GUIDE FOR AIR STATIONS

Mr. CARR. Is the Coast Guard planning to develop a unit change guide like it did for small boat stations, as a basis for evaluating needed changes to air stations? If not, why not?

[The information follows:]

The Coast Guard is reviewing the need to develop a unit change guide for air stations. Last year we chartered a Quality Action Team (QAT) to review aircraft siting. The QAT recommended several changes to aircraft allowances at air stations. These are included in two fiscal year 1995 budget initiatives, "Restructure Aircraft Fleet" and "Streamline Law Enforcement Activities." The review considered the increased capabilities of our new aircraft balanced with mission needs. The process established in the Unit Change Guide is very useful in making resource change decisions. As we continue to review aviation resource allocation we will use a similar process.

NAVAL INSTITUTE PROCEEDINGS ARTICLE—COAST GUARD ORGANIZATION

Mr. CARR. In a recent article published in the Naval Institute Proceedings, Coast Guard Lieutenant Commander James Howe wrote:

> The Coast Guard is handicapped by a pair of ingrained organizational flaws. It is top heavy, redundant, and outdated, while it also suffers from a shortage of personnel at its operational units, many of whom are hard pressed to accomplish a growing list of missions at minimal manning levels.

He goes on to point out that there are three distinct command levels between Coast Guard headquarters and most operational units, and a second chain of command for support activities. Given the new budget realities, is it time for the Coast Guard to take a fresh look at its organizational structure?

[The information follows:]

The Coast Guard has chartered a study to identify alternatives to improve the efficiency of service to its customers, consistent with the National Performance Review and governmental streamlining initiatives. This comprehensive review will focus on the command, control and support infrastructure and will include an assessment of the mission, functions and reporting relationships of the major components. The study team is scheduled to begin its work in June 1994.

Mr. CARR. This author says that area commands "are a relic of the Cold War era, when their need to coordinate with the U.S. Navy for coastal defense made them essential." With the Communist threat gone, however, the functions of both area staffs could be handled more efficiently from a single point at headquarters. How would you respond to this specific criticism?

[The information follows:]

Designation as Maritime Defense Zone Commander is only one of many operational and administrative responsibilities assigned to Area Commanders. Area commands are major components of the Coast Guard's command, control and support infrastructure. Area commands have been, and continue to be, responsible for the planning, coordination and control of operations in any mission which involves more than one district. They reassign resources to meet temporary, specific operational situations within their geographic areas of responsibility, and direct activities of operating level units under the Area Commander's immediate command. The Coast Guard will review the mission, functions and reporting relationships of Area Commands in the study beginning in June 1994.

OPERATIONS AND MAINTENANCE COSTS FOR VTS SYSTEMS

Mr. CARR. The Coast Guard's expenses to operate and maintain vessel traffic service (VTS) systems continues to grow. You are requesting $17.7 million in fiscal year 1995, a 17 percent increase over fiscal year 1994 and 33 percent over fiscal year 1993. Isn't this a prime area where we could consider turning day-to-day operations over to private, State or local entities with the Federal Government maintaining an oversight role?

[The information follows:]

The increase in Vessel Traffic Service (VTS) operation and maintenance funds is modest considering the significant improvements to existing systems made over the last two years. These necessary improvements to upgrade our existing VTS's and to establish several new VTS's through our VTS–2000 project are fully justified by the Coast Guard's "Port Needs Study". The Port Needs Study met the Oil Pollution Act of 1990 (OPA–90) mandate for the Secretary of Transportation to "determine and prioritize the United States ports and channels that are in need of new, expanded, or improved vessel traffic services . . ."

Whether VTS is a prime area for privatization, with the federal government maintaining an oversight role, is dependent upon the determination of the government's proper role in vessel safety and protection of the environment as supported by the VTS program. The sentiment expressed at public hearings, in the media, and in letters to political representatives is that there must be action to prevent accidents that lead to oil spills, and VTS is seen as a preventative instrument. Environmental protection is viewed as a federal responsibility, and VTS, as a means of meeting that responsibility, is regarded as a federal function.

As such, the Coast Guard considers the operation and establishment of a VTS to be an inherently governmental function. This is supported by the Ports and Waterways Safety Act (PWSA), which authorizes the Coast Guard to construct, operate, maintain or expand vessel traffic services in areas subject to the jurisdiction of the United States, which are subject to congestion. The PWSA does not empower the Coast Guard to oversee other entities in their operation of VTS-like activities, does not establish regulations governing the operation of local or private VTSs, nor does the Act provide a means to delegate this authority to a local or regional entity. Based on the provisions of the PWSA, the Coast Guard is the appropriate lead agency in navigation safety, waterway services and vessel traffic management.

VTS LONG BEACH, CA, USER FEES

Mr. CARR. A couple of years ago, the Coast Guard requested funds to develop a VTS system for the Port of Los Angeles/Long Beach. Those funds were not provided, and the port went ahead and fielded a system of their own, much faster and at much lower cost than the Coast Guard originally proposed. To defray the operating costs, the Marine exchange there charges each ship calling into the port a user fee which varies between $200 and $380. Why shouldn't this be a model for the rest of the country to follow?

[The information follows:]

The user fee schedule established by the Marine Exchange of Los Angeles-Long Beach is designed to recover the cost of operating a vessel traffic information service. Whether this could be a model for recovering the cost of Federal Vessel Traffic Services (VTS) across the country involves a question of port competitiveness.

The establishment of a VTS, with or without attendant port fees, will, in a competitive market, generate a reaction from the affected port authorities and the shipping community. A competitive market in this sense is one in which shippers have an economic choice among the various ports that can provide access to their intended destinations.

Los Angeles/Long Beach has geographic and infrastructure advantages and, therefore, a population of users that have little incentive to elect alternative ports because of a user charge. Other West Coast ports which have a federal VTS in place (San Francisco and Seattle), do not easily fit the competitive market definition because of geographic advantages/disadvantages. Still other ports with a federal VTS, such as Valdez and Berwick Bay, Louisiana, are not commercial in the usual sense. Conversely, East and Gulf Coast ports are fiercely competitive. It is with this latter group in mind that some general observations as to user fees and the likely commercial response to a VTS can be made.

The existence of a VTS should be seen as a port asset. To impose user charges in this competitive market could have the detrimental effect of shifting commerce to competing ports without VTS. This would also likely shift vessel traffic and the associated safety risks that justified the need for a VTS in the first port to a port that previously didn't need, and would not have a VTS. This possible outcome should be a consideration in developing and implementing a VTS user charge policy.

Another aspect of competition that must be addressed is the difficulty of equally distributing fees across the spectrum of VTS users. In a relatively simple port such as Los Angeles-Long Beach, whose trade is mostly international deep draft vessels, an equitable user fee schedule can be readily devised. In contrast, New Orleans has international deep draft traffic, inland river barge connection service, and hundreds of passenger ferries and excursion vessels. This situation becomes more complex if the VTS imposes a fee on secondary users. This category includes the persons, industries and organizations besides vessel owners and operators that benefit from the VTS, such as recreational boaters, the fishing industry, port authorities and intermodal facility operators.

PRIVATIZATION OF VESSEL TRAFFIC SERVICES

Mr. CARR. Ms. Stoll, the administration is making the privatization of air traffic control a highlight of its legislative program for transportation this year. If we can make air traffic services more responsive to users of the airway system and more efficient through privatization, shouldn't we be doing the same thing for vessel traffic services, and free up those Coast Guard resources for other missions?

[The information follows:]

The proposal from the Vice President's National Performance Review that the Administration is studying is to restructure the nation's air traffic control system into a government-owned corporation, not to privatize it. Corporization of air traffic services will not "free up . . . resources for other missions," but rather permit the use of resources available for air traffic control in a more business-like way.

What makes corporization such an attractive idea for air traffic services is that there is an identifiable set of beneficiaries who use the services and currently pay user fees to help support the provision of those services. The direct beneficiaries for a VTS are a much more diverse group extending from the recreational boater, to commercial shipping, to port authorities, as well as environmental interest groups. Corporization of VTS may be possible, but the variety of benefiting port interests makes it much more difficult to equitably assess any form of user fee to sustain a publicly owned VTS corporation. Like air traffic control services, such corporization would result in no resource savings.

The differences in air traffic control and the Coast Guard's vessel traffic service mission are too great to allow generalized comparisons. International air traffic control is a mature concept; its purposes and procedures evolved concurrently with the aviation industry. Vessel traffic services, on the other hand, were created more recently in response to fundamental, economically-driven, changes in shipping that posed threats to port safety and the marine environment.

The two systems also have vastly different constituencies. The traveling public will insist that airports provide competent air traffic controllers in the tower at all times. Shipping companies and private port authorities, on the other hand, may choose not to support or operate a VTS, thereby accepting increased risk of an accident in order to avoid having to either pay a user fee or to avoid the competitive consequences of user fees. Should this happen, the level of navigational risk will remain unchanged despite the identified public benefits associated with a VTS as described in the Coast Guard's Port Needs Study. Considering these factors, privatization of the Coast Guard VTS System is not considered viable.

EL TORO MARINE CASUALTY

Mr. CARR. Last December, the charter fishing vessel EL TORO encountered turbulent seas five miles off Point Lookout, Maryland, and eventually sunk, resulting in three fatalities. This boat was reportedly inspected only a month before the accident by a private service hired by the insurance company and had been found to have 21 safety problems, including faulty wiring, corroded hull fasteners, and at least one leak.

That report calls into question the quality of a Coast Guard inspection which had taken place only eight months earlier and revealed no significant safety problems. Was this vessel adequately inspected by the Coast Guard?

[The information follows:]

Although the official investigation of the EL TORO II casualty has not been approved, preliminary information indicates that the vessel's hull was properly inspected by the Coast Guard inspector eight months prior to the casualty. It appears that the Coast Guard marine inspector followed all existing regulatory and policy guidance in carrying out the inspection, and that the vessel met the requirements for certification at the time of the inspection.

The Coast Guard is reviewing the existing inspection guidance regarding wooden boat inspections. We have focused our efforts on modifying existing inspection policy to provide better guidance to the field. An interim change to our policy has been developed emphasizing vessel fastenings. In addition, we have created a joint Coast Guard/industry working group to assist with the review.

Mr. CARR. In a letter to The Washington Post, it was claimed that there are similarities between this accident and that of the merchant vessel MARINE ELECTRIC, which sunk off the coast of Virginia in February 1983. According to the letter's author, the MARINE ELECTRIC had faulty sea hatches which were not noticed during Coast Guard safety inspections. The author says that "perhaps someone should look into the methods used by the Coast Guard for inspections." Are there similarities between the MARINE ELECTRIC and the EL TORO accidents?

[The information follows:]

There are few similarities between the inspection performed on the MARINE ELECTRIC and the inspection of the EL TORO.

The MARINE ELECTRIC was a large steel freight vessel inspected by the Coast Guard and surveyed by the American Bureau of Shipping (ABS). The MARINE ELECTRIC casualty is presumed to have resulted from observable vessel hatch cover defects which should have been corrected prior to sailing. However, it may have been that these areas were partially obstructed or hidden. In such circumstances the Coast Guard inspector and the ABS surveyor perform inspections to the best of their abilities and must rely on the crew's integrity for the conditions of areas or materials which may be hidden.

Initial reports indicate the cause of the EL TORO casualty may have resulted from defects which were not readily observable.

Just as the author of the letter to the Washington Post suggests, we have focused on modifying the existing inspection policy through a joint Coast Guard/industry working group. This group will review and address any shortcomings found in the existing policy guidance.

MARINE INSPECTORS' EXPERIENCE LEVELS

Mr. CARR. What is the average experience level, in number of years, of your inspector work force?

[The information follows:]

The average Coast Guard inspector has 3.6 years of actual inspection experience. In addition, many inspectors have shipboard, marine industry, or marine safety experience. This may include experience in shipboard operations, marine engineering, marine investigations, and port operations. Some inspectors also have advanced degrees in naval architecture and marine engineering.

Mr. CARR. What is the average experience level of inspection department chiefs at your marine safety offices?

[The information follows:]

The average inspection department chief at a marine safety office has 4.7 years of actual inspection experience. In addition, many will have shipboard, marine industry, or marine safety experience. This may include experience in shipboard operations, marine engineering, marine investigations and port operations. Some inspection department chiefs also have advanced degrees in naval architecture and marine engineering.

REGULATORY CHANGES RESULTING FROM AMTRAK SUNSET LIMITED

Mr. CARR. Let's talk for a moment about needed changes in Coast Guard regulations and operating practices resulting from the Amtrak accident in Saraland, Alabama. Can you give us an overview of what changes we can expect to see proposed by the administration?

[The information follows:]

As a result of the Amtrak casualty, the Coast Guard initiated changes to expand the licenses for operators of uninspected towing vessels to recognize different levels of qualification. Rulemaking projects will propose: (1) restricting operators who have only minimum basic qualifications to those towing configurations, sizes and routes for which they are qualified, (2) requiring all operators of radar-equipped towing vessels to attend an approved radar training course and (3) requiring operators who wish to increase the scope of their license to pass a simulator course and a written examination. In addition, applicants desiring to operate on a western river route would have to acquire operating experience on that route and pass an appropriate examination.

Under the authority of the Ports and Waterways Safety Act, the Coast Guard will initiate a rulemaking to require all uninspected towing vessels to carry a marine radar system, marine charts for the area to be transited, and current or corrected publications. The rulemaking project will also identify areas of operation where a compass, depth finder or other instruments are necessary tools for safe navigation.

The Coast Guard will initiate a rulemaking to amend 46 CFR 4.05–1 to require that marine casualties, including all unintentional allisions with bridges or other structures, be reported immediately after the resulting vessel safety concerns have been addressed.

The Coast Guard has initiated discussions with Congressional staff seeking to amend H.R. 3282 to include provisions for an increased maximum civil penalty for failing to report a marine casualty and flexibility in the requirement for compasses and fathometers on towing vessels.

Each Coast Guard district is conducting a survey of all bridges under their jurisdiction. The surveys are expected to be completed this summer. Determinations regarding the adequacy of existing fendering systems, the need for additional fendering systems, and additional bridge lighting will be made on a case-by-case basis.

COAST GUARD EXAMINATIONS

Mr. CARR. When someone goes in to take the Coast Guard exam, does the examining official have on hand that individual's past record regarding prior exams?

[The information follows:]

The Coast Guard Regional Examination Center (REC) will have the applicant's prior test scores if the applicant was previously tested at that particular REC. If an applicant fails an examination at one REC and subsequently applies at a different REC, the second REC will not have the test scores.

The Coast Guard has developed a centralized, computerized storage of mariners' records called the merchant marine licensing and documentation (MMLD) system. This system will allow a REC to access a mariner's previous record, including test scores, regardless of where the test was taken.

The MMLD system is being installed nationwide; New Orleans and Seattle are already on-line. The other 15 REC's will be added this year. The system is scheduled to be fully implemented by December 1994.

TOWBOAT OPERATOR PROFICIENCY TESTS

Mr. CARR. To operate a car, most Americans must take a driving test. To become an airline pilot, railroad engineer, or commercial truck driver, applicants must take either a road or flight test or perform adequately in a simulator. But to operate a towboat such as the Mauvilla, pilots do not have to show the Coast Guard that they can actually handle a towboat or a big ship. Should we require some form of proficiency test?

[The information follows:]

The Coast Guard supports the concept of proficiency tests for pilots. However, based on the continuing development and evaluation of alternatives, it would be premature to say which is the best testing methodology to use.

The existing licensing program is based on experience and demonstration of knowledge. The applicant must acquire a specific amount of experience (years) that will provide adequate opportunity to learn the requisite knowledge, skills and ability. After acquiring the experience, the applicant must then pass a test and demonstrate that he/she has the required knowledge.

A study of methods to improve the testing system was performed by an internal focus group and the final report was issued in November 1993. The study recommends that the Coast Guard investigate the use of simulators and other practical demonstrations of proficiency. This will provide applicants the opportunity to fully demonstrate their qualifications for a license.

The use of simulators in the testing process is also being studied by the National Research Council as required by the Oil Pollution Act of 1990. In addition, the Coast Guard's Research and Development Center is investigating methods of testing and grading applicants by using a simulator.

Simulators are not the only possible solution. The use of designated examiners is also being explored. An applicant would be required to demonstrate their qualifications to a fully qualified examiner similar to the road test for a driver's license.

COAST GUARD OVERSIGHT OF MARITIME INDUSTRIES

Mr. CARR. One Coast Guardsman was reported in the trade press as saying that Coast Guard officials often "bent over backwards" to avoid being tough on river commerce. This individual is quoted as saying, "The towing industry is very vulnerable. There is a lot that could be done to improve safety." Another Coast Guard official said that the barge industry is essentially "self-regulated," which indicates to me that very little oversight is taking place.

Is the Coast Guard paying enough attention to its safety oversight role over this segment of the maritime industry?

[The information follows:]

Barges carrying hazardous cargoes are inspected to protect the public from catastrophic accidents involving a hazardous cargo and protect our nation's water resources. The transfer of cargo is subject to oversight by Coast Guard personnel performing vessel boardings. Oversight of the safety of a towing vessel and its operation is provided through the licensing of the vessel operator, the establishment of regulatory requirements for equipment, and through routine boardings to ensure the equipment is onboard and serviceable.

The recent review of the safety issues involving towing vessels developed 19 recommendations. Rulemakings identified as essential to safety will have interim rules scheduled for implementation in June 1994. Other high priority rulemakings are scheduled to have a notice of proposed rulemaking published in December 1994.

A public meeting will be held at Coast Guard Headquarters in April. This will allow public review and comment on the proposed regulations and other concerns for marine and public safety related to towing vessels.

REGULATION OF BARGE INDUSTRY

Mr. CARR. Admiral, if you could rate the adequacy of Coast Guard's existing regulations and oversight of the barge industry, on a scale of 1 to 10, what score would you give and why?

[The information follows:]

I would rate the adequacy of the existing regulations and the oversight of the barge and towing industry as an "8" for the barges and a "4" for the towing vessels.

With respect to barges, progressive rulemakings have gradually caused the safety of the operations to increase. The carriage and transfer of hazardous cargoes on barges are strictly regulated, and oversight of the safety of cargo transfer is maintained through a boarding program. Pending rulemaking will update the requirements for the training and qualification of the personnel in charge of cargo transfer operations. Today's pollution prevention laws and regulations also provide an economic and punitive spur for safe operations.

With respect to towing vessels, there is no requirement for inspection of the hull or machinery of an inland diesel propelled towing vessel or any seagoing towing vessel under 300 gross tons. However, the safety equipment required on the towing vessel is regulated under the uninspected vessel regulations in 46 CFR. In addition, a towing vessel must carry lights and signals required by the Rules of the Road and radios to comply with the Bridge-to-Bridge Radio Telephone Act. The Coast Guard is doing a quick study on the necessity of inspection of towing vessels and, if necessary, the level of inspection required to insure their safe operation. The study will be completed by May 15, 1994.

The Coast Guard is also doing a quick study on the manning required to safely operate a towing vessel. It will determine if new legislation is necessary to regulate the maximum work hours permitted and also prescribe minimum rest periods for the crews of towing vessels. This study should be completed by the end of July 1994. Based on the results, further legislation and/or regulations may be required.

The Coast Guard is currently focusing its safety efforts at improving the qualifications of individuals operating the towing vessels. The initial efforts in 1972 resulted in requirements for licensed wheelhouse personnel and created the license as Operator of Uninspected Towing Vessels. The qualifications for that license are now outdated and require revision. Initial rulemakings are scheduled for June 1994. The Coast Guard is also reviewing the manning standards for towing vessels, the necessity for inspection of towing vessels and the qualifications necessary for unlicensed crewmembers.

After new regulations are promulgated based on the review of towing safety and quick studies, the Coast Guard will have the ability to provide even better safety oversight of the towing industry.

CLASSIFICATION SOCIETIES—MINIMUM STANDARDS

Mr. CARR. In the commercial vessel safety area, the classification societies have come in for some criticism recently by the Coast Guard. In a speech last spring given by Admiral Henn, Chief of the Office of Marine Safety, he noted that only 11 of the 42 societies worldwide were professionally recognized, and he was comfortable with the work of only about five. What is being done to establish minimum standards for classification societies?

[The information follows:]

The Coast Guard has submitted a paper to the International Maritime Organization (IMO) proposing the establishment of international standards for classification societies. This proposal was adopted on November 4, 1993, at the 18th Assembly of IMO as Resolution A739(18) "Guidelines for the Authorization of Organizations Acting on Behalf of the Administration". Although now voluntary, the Coast Guard expects that A.739(18) will eventually become the mandatory standard for classification societies. In brief, IMO Resolution A.739(18) requires organizations to have: extensive experience; rules in english; professional/technical staff; a written code of ethnics; written policy; and an internal audit system such as ISO 9000, and certification by independent auditors.

IMO Resolution A.739(18) is currently used by the Coast Guard as a standard for screening and targeting classification societies associated with substandard ships. The Coast Guard is evaluating over 70 organizations to determine whether they comply with this resolution. Ships classed by classification societies that do not comply with A.739(18) are targeted for more frequent boarding when in U.S. waters.

SUBSTANDARD VESSELS

Mr. CARR. According to Admiral Henn, in 1992 the Coast Guard boarded 6,600 foreign flag vessels making port calls in the United States. Violations of United States laws or international regulations were found in 36 percent of those boardings. Cargo was required to be transferred or the vessel moved in 12 percent of those cases. These are very high violation rates. Does the Coast Guard have the data to know when a ship with a bad history is coming into port?

[The information follows:]

Yes, for all vessels over 1600 gross tons and smaller vessels in some cases. They are required to provide key information 24 hours prior to arrival. The vessels's U.S. boarding history is available through the Marine Safety Information System, including data on outstanding and resolved discrepancies, control actions, pollution incidents, casualties, violations of regulations, and the dates and types of previous boardings.

The Coast Guard has recently revised its targeting regime to consider the performance history of vessel owners, classification societies, and Flag States in determining boarding priorities. This regime is based only on data regarding vessel interventions in U.S. waters. Details of this targeting regime are described in a report to Congress on the Coast Guard's Port State Control Initiative to Target Substandard Ships submitted in response to Senate Report (103–150).

The U.S. is also chairing an International Maritime Organization (IMO) Steering Committee which has submitted a paper to be considered by IMO regarding the establishment of an international data network. The establishment and participation of the U.S. in an international vessel information network would provide the Coast Guard with access to data regarding vessel activities and operating histories outside of U.S. waters.

Mr. CARR. What penalties can the Coast Guard impose to let the flag states know that violation rates such as these will not be tolerated?

[The information follows:]

The Coast Guard does not directly penalize flag states when vessels of the flag state violate U.S. or International regulations. Rather the Coast Guard penalizes vessel owners and/or operators for violations through a variety of means including civil or criminal proceedings, and the imposition of various forms of vessel operational restrictions.

As discussed in a recently prepared report to Congress on the Coast Guard's Port State Control Initiative Targeting Substandard Ships, submitted in response to Senate Report (103–150), the Coast Guard is identifying flag states which have a high percentage of substandard vessels which call at U.S. ports. Vessels registered by these flag states are targeted for more frequent boarding when in U.S. waters under the boarding regime described within the report to Congress. Additionally, the Coast Guard notifies the International Maritime Organization (IMO) when intervention action is taken against a foreign vessel for failure to comply with international standards. This information, including the vessel's flag state, is published by IMO.

Although not mandated by the Coast Guard, indirect penalty action may result in vessel owners and or operators choosing not to register or charter vessels from a flag state which has been identified as having substandard vessels. In some cases, owners may choose to reflag their vessels rather than continue to have them registered in a flag state known to have substandard vessels.

Mr. CARR. Doesn't the laxity of foreign flag nations cause the Coast Guard to expend more of its scarce budget resources on inspections and boardings of foreign flag ships, since you know there is a greater likelihood of problems?

[The information follows:]

Yes, the Coast Guard's foreign vessel boarding effort is targeted at vessels of flag states having a record of an association with substandard vessels. The greatest risk to our environment exists in those vessels; therefore, this also results in more frequent boardings on these vessels. When deficiencies are discovered, the examination becomes more complex and time intensive. In addition to the time needed to conduct these boardings, extra effort is expended to conduct follow-up visits to document and confirm the correction of deficiencies, and to enforce control measures imposed on substandard vessels. Substandard ships require the attention of our most highly trained boarding officers and/or marine inspectors due to the complexity of problems encountered.

Mr. CARR. As we discussed in last year's hearing, bulk carriers carrying such commodities as coal, grain and iron, have been breaking up at sea with increasing frequency. Over the period 1987 through 1991, 38 ships sunk with gross tonnages of 1.1 million tons. This compares to 19 ships with a tonnage of 0.3 million tons for the preceding five year period. Most of these ships were registered in Panama or Greece. What improvements are needed to address this growing problem?

[The information follows:]

Improving the quality of periodic surveys, and ensuring that adequate maintenance is conducted, can remedy the unsatisfactory casualty experience of bulk carriers. The following actions are currently being taken in this regard:

a. In November 1993, the International Maritime Organization (IMO) adopted a resolution which provides guidelines for an enhanced program of survey for bulk carriers. The extensive guidelines require periodic thickness measurements of hull and structural members, establish permissible levels of corrosion, and specify close up visual examination of structures subject to survey.

b. In November 1993, the IMO adopted a resolution establishing the International Safety Management (ISM) Code. The ISM Code provides guidelines for the safe management of vessels and for pollution prevention. The Code's guidelines establish procedures for both shore side and shipboard management to ensure that the vessel is operated safely in accordance with relevant international and flag state requirements. The ultimate aim of the Code is to ensure that vessel owners/operators assume responsibility for the safety and maintenance of their fleets.

c. Major classification societies are stepping up surveys of suspect vessels. The International Association of Classification Societies (IACS) has developed Unified Requirements for Hull and Machinery Classification Surveys to standardize the scope of surveys performed by its members. The IACS Working Party on Hull Damages is also addressing the problem of corrosion and structural damages on bulk carriers.

d. The IMO has established a Flag State Implementation Subcommittee which has drafted guidelines concerning the scope of surveys performed by port state authorities on foreign flag vessels which call at their ports. These surveys are intended to verify whether the vessel is in compliance with relevant international conventions, as well as applicable domestic requirements.

e. In response to increased Congressional concern over substandard shipping in U.S. waters, the U.S. Coast Guard is increasing its examination of foreign flag freight vessels. The Coast Guard is currently refining a program to identify and target for increased scrutiny those "substandard vessels" attempting to call on U.S. ports. The Coast Guard also recently established a Port Safety Information Exchange (PSIX) system. The PSIX system is a data base which interested parties can access through a computer and modem. The data base contains information on vessels' particulars, compliance history, and validity of relevant documents and certificates.

OPA 90 RULEMAKINGS

Mr. CARR. Four of the OPA 90 regulations are considered major, with a substantial financial impact on the maritime industry. These relate to: (1) double hull requirements; (2) vessel response plans; (3) facility response plans; and, (4) single hull retrofit requirements.

What is the status of each of these regulations today, and what are your plans to complete them?

[The information follows:]

The Double Hull interim final rule (IFR) was published on 12 August 1992. All new tank ships intended for trade at U.S. ports must be constructed with double hulls. In fact, foreign shipyard contracts for double hull vessels are on the increase. The Coast Guard is closely monitoring how the industry is responding to the Double Hull IFR and will make adjustments to fine tune the final rule as required. The projected date for a final rule is December 1994.

The Vessel Response Plan and the Facility Response Plan interim final rules were published on February 5, 1993. The regulations are in effect, and all indications are that vessels and facilities are operating in compliance with their plans. The projected date for final rules is August 1994.

A notice of proposed rulemaking was issued for the single hull retrofit project on October 22, 1993. A public meeting was held on January 20, 1994. Comments received in response to the NPRM and at the public meeting raised questions pertaining to the basic assumptions in the NPRM. According to these comments potential oil outflow could increase after a collision or grounding if the retrofitting was accomplished as proposed. In light of these comments the Coast Guard is reexamining the proposed rule. The Coast Guard is now considering an approach to the problem through three separate aspects:

(A) To expedite implementation, issuing an IFR on two non-controversial measures that were included in the NPRM: (1) the requirement that vessels carry onboard emergency lightering equipment and (2) the requirement that foreign flag vessels report their official number in the advance notice of arrival report.

(B) Initiating a new rulemaking to require operational measures responsible members of the marine industry have already undertaken, above and beyond current regulations, to reduce the likelihood of casualties.

(C) Preparation of a supplemental NPRM and revised regulatory analysis regarding structural measures and hydrostatically balanced loading.

Completion of the IFR (Aspect "A") is expected in May 1994.

Mr. CARR. Has the Coast Guard ever estimated the total cost to industry of the Oil Pollution Act of 1990, including the cost of these and the other 43 mandated regulations, the cost of the per barrel tax on oil which finances the oil spill liability trust fund, and other costs?

[The information follows:]

Industry costs for the regulations are estimated at $13.0 billion in 1992 dollars. The single most costly rule is that which requires double hulls, now estimated at $6.1 billion. The table below shows annual cost estimates for each of the rulemaking projects.

The U.S. Treasury has collected $915,325,768 for the Oil Spill Liability Trust Fund from the 5¢ per barrel tax since its inception.

The estimated costs to the Coast Guard for OPA 90 implementation through year 2015 is $454 million. This number includes costs for operations, acquisition, and research and development.

OPA 90: Total Programmatic Costs
16-Apr-93

7% = discount rate
1992 = base year for discounting

	Project #1 VESSEL RESPONSE PLANS		Project #2 PWS PERSONEL AND EQUIPMENT		Project #3 FACILITIES RESPONSE PLAN		Project #4 TUG ESCORT		Project #5 OVERFILL DEVICES	
YEAR	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted
1992	$318,000,000	$318,000,000	$0	$0	$0	$0	$22,000,000	$22,000,000	$0	$0
1993	$262,000,000	$244,859,813	$23,700,000	$22,149,533	$61,000,000	$57,009,346	$22,000,000	$20,560,748	$20,200,000	$18,878,505
1994	$221,000,000	$193,029,959	$23,700,000	$20,700,498	$39,000,000	$34,064,110	$22,000,000	$19,215,652	$20,200,000	$17,643,462
1995	$184,000,000	$150,198,809	$23,800,000	$19,427,889	$39,000,000	$31,835,617	$22,000,000	$17,958,553	$20,200,000	$16,489,217
1996	$192,000,000	$146,475,881	$23,900,000	$18,233,196	$39,000,000	$29,752,913	$22,000,000	$16,783,695	$20,200,000	$15,410,483
1997	$200,000,000	$142,597,236	$23,900,000	$17,040,370	$39,000,000	$27,806,461	$22,000,000	$15,685,696	$20,200,000	$14,402,321
1998	$208,000,000	$138,599,183	$24,000,000	$15,992,213	$39,000,000	$25,987,347	$22,000,000	$14,659,529	$20,200,000	$13,460,113
1999	$216,000,000	$134,513,944	$22,200,000	$13,825,044	$39,000,000	$24,287,240	$22,000,000	$13,700,494	$20,200,000	$12,579,545
2000	$217,000,000	$126,295,976	$22,200,000	$12,920,602	$39,000,000	$22,698,355	$22,000,000	$12,804,200	$20,200,000	$11,756,584
2001	$222,000,000	$120,753,291	$22,300,000	$12,129,722	$39,000,000	$21,213,416	$22,000,000	$11,966,542	$20,200,000	$10,987,462
2002	$223,000,000	$113,361,892	$22,300,000	$11,336,189	$39,000,000	$19,825,622	$22,000,000	$11,183,684	$20,200,000	$10,268,656
2003	$224,000,000	$106,420,786	$23,900,000	$11,354,718	$39,000,000	$18,528,619	$22,000,000	$10,452,042	$20,200,000	$9,596,874
2004	$225,000,000	$99,902,691	$23,900,000	$10,611,886	$39,000,000	$17,316,466	$22,000,000	$9,768,263	$20,200,000	$8,969,042
2005	$226,000,000	$93,781,965	$23,900,000	$9,917,650	$39,000,000	$16,183,613	$22,000,000	$9,129,218	$20,200,000	$8,382,282
2006	$226,000,000	$87,646,696	$23,900,000	$9,268,832	$39,000,000	$15,124,872	$22,000,000	$8,531,979	$20,200,000	$7,833,908
2007	$226,000,000	$81,912,800	$23,900,000	$8,662,460	$39,000,000	$14,135,395	$22,000,000	$7,973,812	$20,200,000	$7,321,410
2008	$226,000,000	$76,554,019	$23,900,000	$8,095,757	$39,000,000	$13,210,649	$22,000,000	$7,452,161	$20,200,000	$6,842,439
2009	$226,000,000	$71,545,812	$23,900,000	$7,566,128	$39,000,000	$12,346,401	$22,000,000	$6,964,637	$20,200,000	$6,394,803
2010	$226,000,000	$66,865,245	$23,900,000	$7,071,148	$39,000,000	$11,538,693	$22,000,000	$6,509,006	$20,200,000	$5,976,451
2011	$226,000,000	$62,490,883	$23,900,000	$6,608,549	$39,000,000	$10,783,825	$22,000,000	$6,083,183	$20,200,000	$5,585,468
2012	$226,000,000	$58,402,695	$23,900,000	$6,176,214	$39,000,000	$10,078,341	$22,000,000	$5,685,218	$20,200,000	$5,220,064
2013	$226,000,000	$54,581,958	$24,000,000	$5,796,314	$39,000,000	$9,419,010	$22,000,000	$5,313,288	$20,200,000	$4,878,564
2014	$226,000,000	$51,011,175	$24,000,000	$5,417,116	$39,000,000	$8,802,813	$22,000,000	$4,965,690	$20,200,000	$4,559,406
2015	$226,000,000	$47,673,996	$24,000,000	$5,062,725	$39,000,000	$8,226,928	$22,000,000	$4,640,831	$20,200,000	$4,261,127
TOTAL COSTS										
Actual:	$5,398,000,000		$543,000,000		$919,000,000		$528,000,000		$464,600,000	
Discounted:		$2,787,476,706		$265,364,754		$460,176,056		$269,988,122		$227,698,185

	Project #6 AUTOPILOT		Project #7 UNATTENDED ENGINE ROOM		Project #8 EXISTING VESSEL HULL		Project #9 REMOVAL EQUIPMENT		Project #10 FEDERAL REMOVAL AUTHORITY	
YEAR	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted
1992	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1993	$0	$0	$0	$0	$710,000,000	$663,551,402	$18,500,000	$17,289,720	$0	$0
1994	$0	$0	$0	$0	$540,000,000	$471,656,913	$18,500,000	$16,158,616	$0	$0
1995	$0	$0	$0	$0	$394,000,000	$321,621,363	$18,400,000	$15,019,881	$0	$0
1996	$0	$0	$0	$0	$3,630,000	$2,769,310	$18,400,000	$14,037,272	$0	$0
1997	$0	$0	$0	$0	$3,330,000	$2,374,244	$18,300,000	$13,047,647	$0	$0
1998	$0	$0	$0	$0	$3,020,000	$2,012,354	$18,200,000	$12,127,428	$0	$0
1999	$0	$0	$0	$0	$2,710,000	$1,687,652	$18,100,000	$11,271,770	$0	$0
2000	$0	$0	$0	$0	$237,000,000	$137,936,158	$18,000,000	$10,476,164	$0	$0
2001	$0	$0	$0	$0	$212,000,000	$115,313,953	$18,000,000	$9,790,807	$0	$0
2002	$0	$0	$0	$0	$188,000,000	$95,569,667	$18,000,000	$9,150,287	$0	$0
2003	$0	$0	$0	$0	$164,000,000	$77,915,219	$18,000,000	$8,551,670	$0	$0
2004	$0	$0	$0	$0	$1,390,000	$617,177	$17,500,000	$7,770,209	$0	$0
2005	$0	$0	$0	$0	$114,000,000	$47,305,947	$17,000,000	$7,054,396	$0	$0
2006	$0	$0	$0	$0	$102,000,000	$39,557,359	$17,000,000	$6,592,893	$0	$0
2007	$0	$0	$0	$0	$91,000,000	$32,982,588	$17,000,000	$6,161,582	$0	$0
2008	$0	$0	$0	$0	$81,500,000	$27,606,870	$17,000,000	$5,758,488	$0	$0
2009	$0	$0	$0	$0	$71,000,000	$22,476,782	$16,500,000	$5,223,477	$0	$0
2010	$0	$0	$0	$0	$61,000,000	$18,047,699	$16,500,000	$4,881,755	$0	$0
2011	$0	$0	$0	$0	$51,000,000	$14,101,925	$16,000,000	$4,424,133	$0	$0
2012	$0	$0	$0	$0	$41,500,000	$10,724,389	$15,000,000	$3,876,285	$0	$0
2013	$0	$0	$0	$0	$33,000,000	$7,969,932	$15,000,000	$3,622,696	$0	$0
2014	$0	$0	$0	$0	$26,000,000	$5,868,542	$15,000,000	$3,385,697	$0	$0
2015	$0	$0	$0	$0	$20,000,000	$4,218,938	$15,000,000	$3,164,203	$0	$0
TOTAL COSTS										
Actual:	$0		$0		$3,151,080,000		$394,900,000		$0	
Discounted:		$0		$0		$2,123,886,380		$198,837,080		$0

YEAR	Project #11 PLATE THICKNESS GAUGING		Project #12 TANK LEVEL/PRESSURE		Project #13 DOUBLE HULL		Project #14 FWPCAS PENALTIES		Project #15 CERIFICATION OF CONTRACTORS	
	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted
1992	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1993	$0	$0	$40,000,000	$37,383,178	$47,000,000	$43,925,234	$0	$0	$10,000,000	$9,345,794
1994	$0	$0	$40,000,000	$34,937,549	$95,000,000	$82,976,679	$0	$0	$1,000,000	$873,439
1995	$1,127,500	$920,376	$40,000,000	$32,651,915	$143,000,000	$116,730,596	$0	$0	$1,000,000	$816,298
1996	$952,000	$726,276	$40,000,000	$30,515,808	$201,000,000	$153,341,938	$0	$0	$1,000,000	$762,895
1997	$1,117,000	$796,406	$40,000,000	$28,519,447	$260,000,000	$185,376,407	$0	$0	$1,000,000	$712,986
1998	$250,000	$166,586	$40,000,000	$26,653,689	$318,000,000	$211,896,827	$0	$0	$1,000,000	$666,342
1999	$237,000	$147,592	$40,000,000	$24,909,990	$377,000,000	$234,776,653	$0	$0	$1,000,000	$622,750
2000	$350,000	$203,703	$40,000,000	$23,280,364	$435,000,000	$253,173,960	$0	$0	$1,000,000	$582,009
2001	$590,000	$320,921	$40,000,000	$21,757,350	$511,000,000	$277,950,142	$0	$0	$1,000,000	$543,934
2002	$950,000	$482,932	$40,000,000	$20,333,972	$587,000,000	$298,401,034	$0	$0	$1,000,000	$508,349
2003	$347,000	$164,857	$40,000,000	$19,003,712	$662,000,000	$314,511,431	$0	$0	$1,000,000	$475,093
2004	$342,000	$151,852	$40,000,000	$17,760,478	$738,000,000	$327,680,826	$0	$0	$1,000,000	$444,012
2005	$360,000	$149,387	$40,000,000	$16,598,578	$813,000,000	$337,366,096	$0	$0	$1,000,000	$414,964
2006	$472,000	$183,050	$40,000,000	$15,512,690	$866,000,000	$335,849,731	$0	$0	$1,000,000	$387,817
2007	$735,000	$266,398	$40,000,000	$14,497,841	$919,000,000	$333,087,892	$0	$0	$1,000,000	$362,446
2008	$395,000	$133,800	$40,000,000	$13,549,384	$972,000,000	$329,250,029	$0	$0	$1,000,000	$338,735
2009	$352,000	$111,434	$40,000,000	$12,662,976	$1,025,000,000	$324,488,750	$0	$0	$1,000,000	$316,574
2010	$445,000	$131,659	$40,000,000	$11,834,557	$1,077,000,000	$318,645,438	$0	$0	$1,000,000	$295,864
2011	$405,000	$111,986	$40,000,000	$11,060,333	$1,168,000,000	$322,961,733	$0	$0	$1,000,000	$276,508
2012	$497,000	$128,434	$40,000,000	$10,336,760	$1,252,000,000	$323,540,592	$0	$0	$1,000,000	$258,419
2013	$277,000	$66,899	$40,000,000	$9,660,523	$1,339,000,000	$323,386,023	$0	$0	$1,000,000	$241,513
2014	$224,000	$50,560	$40,000,000	$9,028,527	$1,426,000,000	$321,866,974	$0	$0	$1,000,000	$225,713
2015	$295,000	$62,229	$40,000,000	$8,437,875	$1,513,000,000	$319,162,635	$0	$0	$1,000,000	$210,947
TOTAL COSTS										
Actual:	$10,719,500		$920,000,000		$16,744,000,000		$0		$32,000,000	
Discounted:		$5,477,337		$450,887,495		$6,090,347,620		$0		$19,683,402

YEAR	Project #16 SECOND OFFICER		Project #17 PWS PILOTAGE		Project #18 ALC./DRUG ABUSE		Project #19 CRIMINAL RECORD REVIEW		Project #20 ALC./DRUG ABUSE	
	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted
1992	$1,000,000	$1,000,000	$0	$0	$0	$0	$0	$0	$0	$0
1993	$1,000,000	$934,579	$500,000	$467,290	$0	$0	$0	$0	$106,000	$99,065
1994	$1,000,000	$873,439	$500,000	$436,719	$0	$0	$0	$0	$106,000	$92,585
1995	$1,000,000	$816,298	$500,000	$408,149	$0	$0	$0	$0	$106,000	$86,528
1996	$1,000,000	$762,895	$500,000	$381,448	$0	$0	$0	$0	$106,000	$80,867
1997	$1,000,000	$712,986	$500,000	$356,493	$0	$0	$0	$0	$106,000	$75,577
1998	$1,000,000	$666,342	$500,000	$333,171	$0	$0	$0	$0	$106,000	$70,632
1999	$1,000,000	$622,750	$500,000	$311,375	$0	$0	$0	$0	$106,000	$66,011
2000	$1,000,000	$582,009	$500,000	$291,005	$0	$0	$0	$0	$106,000	$61,693
2001	$1,000,000	$543,934	$500,000	$271,967	$0	$0	$0	$0	$106,000	$57,657
2002	$1,000,000	$508,349	$500,000	$254,175	$0	$0	$0	$0	$106,000	$53,885
2003	$1,000,000	$475,093	$500,000	$237,546	$0	$0	$0	$0	$106,000	$50,360
2004	$1,000,000	$444,012	$500,000	$222,006	$0	$0	$0	$0	$106,000	$47,065
2005	$1,000,000	$414,964	$500,000	$207,482	$0	$0	$0	$0	$106,000	$43,986
2006	$1,000,000	$387,817	$500,000	$193,909	$0	$0	$0	$0	$106,000	$41,109
2007	$1,000,000	$362,446	$500,000	$181,223	$0	$0	$0	$0	$106,000	$38,419
2008	$1,000,000	$338,735	$500,000	$169,367	$0	$0	$0	$0	$106,000	$35,906
2009	$1,000,000	$316,574	$500,000	$158,287	$0	$0	$0	$0	$106,000	$33,557
2010	$1,000,000	$295,864	$500,000	$147,932	$0	$0	$0	$0	$106,000	$31,362
2011	$1,000,000	$276,508	$500,000	$138,254	$0	$0	$0	$0	$106,000	$29,310
2012	$1,000,000	$258,419	$500,000	$129,210	$0	$0	$0	$0	$106,000	$27,392
2013	$1,000,000	$241,513	$500,000	$120,757	$0	$0	$0	$0	$106,000	$25,600
2014	$1,000,000	$225,713	$500,000	$112,857	$0	$0	$0	$0	$106,000	$23,926
2015	$1,000,000	$210,947	$500,000	$105,473	$0	$0	$0	$0	$106,000	$22,360
TOTAL COSTS										
Actual:	$24,000,000		$11,500,000		$0		$0		$2,438,000	
Discounted:		$12,272,187		$5,636,094		$0		$0		$1,194,852

	Project #21		Project #22		Project #23		Project #24		Project #25	
	CERTIFICATE OF REGISTRY		ACCESS NAT. DRIVER REG.		MANNING STANDARDS		INSPECTION & ENTRY		REPORTING MARINE CASUALTIES	
YEAR	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted
1992	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1993	$3,072,000	$2,871,028	$258,000	$241,121	$0	$0	$200,000	$186,916	$0	$0
1994	$3,072,000	$2,683,204	$258,000	$225,347	$0	$0	$10,000	$8,734	$0	$0
1995	$3,072,000	$2,507,667	$258,000	$210,605	$0	$0	$10,000	$8,163	$0	$0
1996	$3,072,000	$2,343,614	$258,000	$196,827	$0	$0	$10,000	$7,629	$0	$0
1997	$3,072,000	$2,190,294	$258,000	$183,950	$0	$0	$10,000	$7,130	$0	$0
1998	$3,072,000	$2,047,003	$258,000	$171,916	$0	$0	$10,000	$6,663	$0	$0
1999	$3,072,000	$1,913,087	$258,000	$160,669	$0	$0	$10,000	$6,227	$0	$0
2000	$3,072,000	$1,787,932	$258,000	$150,158	$0	$0	$10,000	$5,820	$0	$0
2001	$3,072,000	$1,670,964	$258,000	$140,335	$0	$0	$10,000	$5,439	$0	$0
2002	$3,072,000	$1,561,649	$258,000	$131,154	$0	$0	$10,000	$5,083	$0	$0
2003	$3,072,000	$1,459,485	$258,000	$122,574	$0	$0	$10,000	$4,751	$0	$0
2004	$3,072,000	$1,364,005	$258,000	$114,555	$0	$0	$10,000	$4,440	$0	$0
2005	$3,072,000	$1,274,771	$258,000	$107,061	$0	$0	$10,000	$4,150	$0	$0
2006	$3,072,000	$1,191,375	$258,000	$100,057	$0	$0	$10,000	$3,878	$0	$0
2007	$3,072,000	$1,113,434	$258,000	$93,511	$0	$0	$10,000	$3,624	$0	$0
2008	$3,072,000	$1,040,593	$258,000	$87,394	$0	$0	$10,000	$3,387	$0	$0
2009	$3,072,000	$972,517	$258,000	$81,676	$0	$0	$10,000	$3,166	$0	$0
2010	$3,072,000	$908,894	$258,000	$76,333	$0	$0	$10,000	$2,959	$0	$0
2011	$3,072,000	$849,434	$258,000	$71,339	$0	$0	$10,000	$2,765	$0	$0
2012	$3,072,000	$793,863	$258,000	$66,672	$0	$0	$10,000	$2,584	$0	$0
2013	$3,072,000	$741,928	$258,000	$62,310	$0	$0	$10,000	$2,415	$0	$0
2014	$3,072,000	$693,391	$258,000	$58,234	$0	$0	$10,000	$2,257	$0	$0
2015	$3,072,000	$648,029	$258,000	$54,424	$0	$0	$10,000	$2,109	$0	$0
TOTAL COSTS										
Actual:	$70,656,000		$5,934,000		$0		$420,000		$0	
Discounted:		$34,628,160		$2,908,224		$0		$290,292		$0

	Project #26		Project #27		Project #28		Project #29		
	OTHER PENALTIES		DEEPWATER PORTS		VESSEL/COMMUNICATIONS		COFR RULE USER FEES		
YEAR	Current	Discounted	Current	Discounted	Current	Discounted	Current	Discounted	
1992	$0	$0	$0	$0	$1,200,000	$1,200,000	$0	$0	
1993	$0	$0	$0	$0	$0	$0	$500,000	$467,290	
1994	$0	$0	$0	$0	$0	$0	$500,000	$436,719	
1995	$0	$0	$0	$0	$0	$0	$500,000	$408,149	
1996	$0	$0	$0	$0	$0	$0	$500,000	$381,448	
1997	$0	$0	$0	$0	$0	$0	$500,000	$356,493	
1998	$0	$0	$0	$0	$0	$0	$500,000	$333,171	
1999	$0	$0	$0	$0	$0	$0	$500,000	$311,375	
2000	$0	$0	$0	$0	$0	$0	$500,000	$291,005	
2001	$0	$0	$0	$0	$0	$0	$500,000	$271,967	
2002	$0	$0	$0	$0	$0	$0	$500,000	$254,175	
2003	$0	$0	$0	$0	$0	$0	$500,000	$237,546	
2004	$0	$0	$0	$0	$0	$0	$500,000	$222,006	
2005	$0	$0	$0	$0	$0	$0	$500,000	$207,482	
2006	$0	$0	$0	$0	$0	$0	$500,000	$193,909	
2007	$0	$0	$0	$0	$0	$0	$500,000	$181,223	
2008	$0	$0	$0	$0	$0	$0	$500,000	$169,367	
2009	$0	$0	$0	$0	$0	$0	$500,000	$158,287	
2010	$0	$0	$0	$0	$0	$0	$500,000	$147,932	
2011	$0	$0	$0	$0	$0	$0	$500,000	$138,254	
2012	$0	$0	$0	$0	$0	$0	$500,000	$129,210	
2013	$0	$0	$0	$0	$0	$0	$500,000	$120,757	
2014	$0	$0	$0	$0	$0	$0	$500,000	$112,857	
2015	$0	$0	$0	$0	$0	$0	$500,000	$105,473	
TOTAL COSTS									GRAND TOTALS
Actual:	$0		$0		$1,200,000		$11,500,000		$29,232,947,500
Discounted:		$0		$0		$1,200,000		$5,636,094	$12,963,589,039

SINGLE HULL RETROFIT RULEMAKING

Mr. CARR. Just last month, the Coast Guard announced a lengthy delay in further progress on the single hull retrofit rulemaking, and stated that further analysis would be necessary. It was reported in the press that this was due to a marine engineering consultant's report which raised serious questions about the basic technical and economic assumptions underlying the Coast Guard's proposal. Could you comment on why this rulemaking is being held up?

[The information follows:]

On October 22, 1993 the Coast Guard issued a notice of proposed rulemaking (NPRM) for retrofitting single hull tankers. We held a public meeting on January 20, 1994. Comments in response to the NPRM and at the meeting questioned the benefits of protectively located spaces and protectively located segregated ballast tanks. According to these comments, oil outflow after a collision or grounding could potentially be greater with these systems than without them.

Other comments pointed out potential benefits of operational solutions over structural ones. Accordingly, the Coast Guard has decided to reexamine the rulemaking options. To maximize the rule's effectiveness while minimizing delay, the Coast Guard is considering a three-prong implementation approach to get meaningful regulations in effect quickly. The resulting rules will include relatively low cost operational measures that can be implemented almost immediately and will allow the Coast Guard time to test the validity of the comments addressing the effectiveness of the structural requirements.

The projected publication date for the interim final rule is May 1994.

Mr. CARR. Sometimes the ultimate objective of a regulatory provision is less a problem than the phase-in period. Will the shipbuilding and repair industry be able to outfit single hull vessels with protective empty tanks within the proposed three year time period, as you have proposed, or is this also under review?

[The information follows:]

The proposed three-year phase in for fitting protective empty tank systems will allow vessels to complete the conversion during a regularly scheduled dry dock period. This option will not require extensive vessel modifications, and can be completed in a normal dry docking. For these reasons, the proposal should not create any hardship for the shipbuilding and repair industry.

LIGHTERING

Mr. CARR. Lightering is a practice where oil cargo is off-loaded from very large "mother ships" to barges and then transported into harbor by barge. The volume of oil handled by offshore lightering is high and rising in the Gulf of Mexico, having doubled between 1986 and 1990. Your October 1993 report on deep water ports said that lightering activity is expected to increase in the future. What effect will this trend have on overall marine safety and oil spill protection?

[The information follows:]

Historically, lightering has been a very safe operation. Most pollution associated with lightering is the result of small amounts of oil escaping when pipes are disconnected, and even this is generally controlled by drip containers and sorbent material.

The only casualty associated with lightering occurred on the Mega Borg which was lightering when there was an explosion and fire in the pump room. An estimated 100,000 barrels of crude oil were burned or released into the water. The Mega Borg was 57 miles southeast of Galveston when the explosion occurred. Because of the vessel's distance from land, much of the released oil evaporated or burned before it reached shore. The pollution which did reach land covered about 18 miles of beach, was relatively light and consisted mostly of small tarballs.

At present, the Coast Guard has not designated lightering zones. However, the Coast Guard is considering designating lightering zones in the Gulf of Mexico where lightering is most common. Certain single-hull vessels would be restricted to lightering in the designated zones. Designating zones should promote safety by restricting operations within the zones. These zones would be located a minimum of 60 miles from shore.

Under rules published in September 1993, vessels lightering in the Gulf of Mexico must now hold a Certificate of Financial Responsibility and comply with the Coast Guard's vessel response plan requirements. The later requires all vessels transporting oil in bulk as cargo to have an approved response plan that, among other things, requires identification of a spill response organization with which the vessel owner or operator has a contract. This designated organization will respond in case of a spill.

Due to these various measures there is every expectation that lightering will continue with a relatively safe operating record even in the face of higher volume projections. It will continue to be a relatively safe, effective way of importing oil into the United States.

Mr. CARR. Do foreign-built ships have the same access to lightering zones as U.S. ships, and if so, to what extent is that a disincentive for companies to have large tankers built in the United States?

[The information follows:]

Yes, foreign built ships have the same access to lightering zones in U.S. waters as U.S. ships. Ships involved in lightering are typically carrying crude oil to be refined in the U.S. and are arriving from foreign ports. Because these vessels are not trading between U.S. ports they are not subject to the Jones Act and are not required to be of U.S. construction. Access to lightering zones is not a disincentive to companies building large tankers in the United States.

SALE OF ALCOHOL AND CIGARETTES AT COAST GUARD EXCHANGES

Mr. CARR. A couple of years ago, the Coast Guard advised this Committee that alcoholic beverages and cigarettes account for over 25 percent of total sales at their retail exchanges. This compared to only 6 percent in the DOD. In response, we directed the Coast Guard to take action to reduce this percentage. What actions have you taken?

[The information follows:]

In order to reduce the percentage of sales of tobacco products at Coast Guard exchanges, the Coast Guard Exchanges System (CGES) does not advertise tobacco products in the public media and restricts in-store promotions. Tobacco product displays have been physically relocated to the rear of the stores; no longer located at the check-out counters. The current policy prohibits within store advertisement of tobacco products.

We continue to minimize the promotion of alcoholic beverages as well. Alcohol product displays have been relocated to low profile areas of the Coast Guard exchange stores.

Coast Guard exchanges are physically smaller, have less inventory, and less variety than DoD exchanges. Thus alcohol and tobacco sales comprise a greater percentage of total sales compared to DoD. Individual exchanges are expanding other merchandise lines and increasing non-alcoholic and non-tobacco inventories. These increased lines of merchandise, which are being aggressively marketed, will reduce dependence on sales of alcohol and tobacco.

Mr. CARR. According to the IG, alcoholic beverage and cigarette sales averaged $57 million a year for Coast Guard exchanges, which was 41 percent of the average annual sales of $139 million. This figure is even higher than the 25 percent which the Committee asked you to reduce. What is the accurate figure?

[The information follows:]

The 1992 House report language indicated the Committee's concern over the high percentage of sales at Coast Guard exchanges resulting from the sale of alcoholic beverages. Per the report, approximately 24 percent of Coast Guard exchange sales result from the sale of these products, compared to only 6 percent in DoD. We were directed to take action to reduce this percentage.

The Committee's original figure of 25 percent was derived from alcoholic beverage sales alone; not alcohol and tobacco product sales. The most recent (non-appropriated fund FY 1992—1 FEB 92–31 JAN 93) percentage of total sales of alcohol and tobacco products is 42 percent.

The Coast Guard has taken action to reduce the percentage of sales (24 percent) from alcoholic beverages. The percentage of sales from alcoholic beverages was 19.1 percent in 1992 and 19.7 percent in 1993.

Coast Guard exchanges are physically smaller, have less inventory, and less variety than DoD exchanges. Thus alcohol and tobacco sales comprise a greater percentage of total sales compared to DoD. We are expanding non-alcoholic and non-tobacco inventories in our exchanges to reduce dependence on sales of alcohol and tobacco products.

Mr. CARR. Because it allows the tax-free sale of cigarettes, the Coast Guard has established a system to ensure that cigarettes are not procured through its exchanges for resale on the open market. People buying more than six cartons of cigarettes at a time must sign a log book, and no one is allowed to buy more than 20 cartons at a time. However, in an audit of Air Station Brooklyn, one of your largest exchange operations, the IG found that over a five day period, there were 123 instances where patrons bought more than six cartons of cigarettes, less than half of which showed up in the log book.

If the exchange were open 24 hours a day, that means at least one person every hour bought six cartons or more of cigarettes. If the exchange were open for 12 hours (which is more likely), this would be happening every half hour. Some patrons were buying as many as 46 cartons at a time. According to the IG, when they made the Coast Guard aware that the 20 carton limit was being violated, the air station increased the limit to 30 cartons. Shouldn't the Coast Guard be more diligent in ensuring that its sale of cut-rate cigarettes is not used to promote the sale and use of cigarettes outside the exchange system?

[The information follows:]

The Coast Guard places limits on the quantity of tobacco products that can be purchased by an individual in an exchange. These limitations are designed to discourage the resale of tobacco products. Limitations on the sale of tobacco products exist for all exchanges. Allowances can be made for exceptions to the stated limitations, but they require written certification that the patron will not resell these products. Each command establishes their own limitations based on customer base, local competition, etc. Central controls would be either insufficient or excessive depending upon local conditions.

CGAS Brooklyn is the only exchange we are aware of that has violated the limitation policy on the sale of tobacco products. The increased limit of 30 cartons per day existed for only three months. The current limit of 20 cartons of tobacco products was reinstituted by the Commanding Officer of CGAS Brooklyn in July 1993.

We will provide system-wide notification of this incident and reinforce with our exchange managers the need to adhere to the limitation policy.

Mr. CARR. Since profits from the exchange system are used for social and recreational activities of Coast Guard members and their families, and since cigarettes and alcohol constitute such a large portion of those revenues, is it surprising that the Coast Guard, especially at the local level, is less than fully diligent at undertaking aggressive efforts to restrict or limit these sales in accord with your own policy?

[The information follows:]

The Coast Guard prohibits exchanges from advertising tobacco products in the public media and restricts in-store promotions of tobacco products. In addition, the Coast Guard places limits on the quantity of tobacco products that can be purchased by an individual in an exchange. The Coast Guard knows of only one exchange that had a problem with cigarette sales which exceeded purchasing limits.

Coast Guard exchange personnel are dedicated professionals who fully understand the importance in expanding other merchandise lines and increasing non-alcoholic and non-tobacco product sales. These increased lines of merchandise, which are being aggressively marketed, will reduce dependence on sales of alcohol and tobacco.

Mr. CARR. In a statement for the hearing record this year, the Inspector General made the following observation:

> Since the Coast Guard prides itself on being smoke-free, and now the other services are following suit, and since consumption of alcohol during duty and on government property is forbidden, perhaps it is time the exchanges should send a better message to Coast Guard employees, and cease the sale of cigarettes and alcohol.

What is wrong with this idea?

[The information follows:]

The Coast Guard strives to operate the Exchange System as a professional retail business. CGES provides a non-pay benefit to its customers. For many of our Department of Defense, retiree, and dependent patrons (who constitute 80% of the customer base), this means we provide them with an opportunity to buy, among other authorized items, alcohol and tobacco products, at prices lower than they could buy them "off base".

As the sale of alcohol and tobacco products account for a significant percentage of CGES gross profits, we recognize the need to find another mainstay to assure CGES's long-term success. CGES is continuing to limit the promotion of alcohol and tobacco products. The increased marketing of alternative merchandise throughout CGES will eventually eliminate the negative impact upon morale, welfare, and recreation programs of lower tobacco and alcohol product sales.

The Coast Guard is working to reduce smoking through education and restrictions on tobacco use in the federal workplace. This will reduce the demand by our Coast Guard active duty patrons. Other authorized patrons are free to make their own choices regarding alcohol and tobacco use. Within the limits established by Congress, Coast Guard exchanges endeavor to meet our customers' retail needs.

INCREASE IN DEFENSE READINESS FUNDING

Mr. CARR. I notice that you are requesting an increase in funding for defense readiness activities in fiscal year 1995 (from $83.6 million to $85.4 million). The IG recently issued an audit of your defense readiness posture, and found several planning and management inefficiencies. In this year's hearing, the IG advised the committee that Coast Guard management does not view readiness planning as a high priority, and that defense planning billets are being used for other, nonreadiness tasks. Given these problems, why should we provide an increase?

[The information follows:]

The increases requested are not directly related to the activities examined in the audit of Coast Guard Readiness by the Department of Transportation Inspector General (DOTIG).

Despite its title, the primary findings of the audit of readiness by the DOTIG dealt with the Contingency Preparedness Support Program, which is responsible for service-wide policy for defense planning, military exercises, readiness evaluation, and crisis management. Although the audit identified specific deficiencies in the completion of updated plans per the DOD deliberate planning process and specific instances where readiness planning billets were used for "non-readiness" activities, the facts do no bear out the assertion that defense readiness is not a high priority within the Coast Guard.

Post Cold War world order and related readiness planning assumptions have changed. As part of the fiscal year 1995 budget request, the Coast Guard is realigning readiness planning resources to match current planning requirements and address the changing nature of the Coast Guard's maritime defense and port security responsibilities. The DOTIG finding regarding readiness planners assigned to "non-readiness" duty was the result of the dynamics of readiness planning as the Coast Guard redefined its "fit" with DOD forces and the need to actively employ our people to meet other Coast Guard missions.

The computer program used to estimate operating funds is called program budget model. The program budget model is a comprehensive tool used to approximate multi-mission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the program budget model is based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in fiscal year 1994 operating expenses obligations, from the fiscal year 1994 budget submission, were programmatically spread based on fiscal year 1992 operating data and support costs; whereas, the revised fiscal year 1994 estimates reflected in the fiscal year 1995 budget submission are based on like information from fiscal year 1993.

COAST GUARD HOUSING REPORT

Mr. CARR. The Coast Guard Authorization Act of 1991 directed the preparation of a study on the Coast Guard's housing situation. The act was signed in December 1991 and the study was to be completed within six months of enactment. The Coast Guard contracted with Logistics Management Institute (LMI) for the preparation of the study. The LMI report to the Coast Guard is dated September 1992. The letter from Secretary Pena transmitting the report to the Congress is dated January 4, 1994.

Why did it take the Coast Guard and the Department of Transportation more than 15 months after receipt of the contractor-prepared report to submit the report to Congress?

[The information follows:]

The Logistics Management Institute (LMI) report was the most comprehensive study of Coast Guard housing ever accomplished, and it contained numerous management and resource intensive issues. There were a number of key Coast Guard and Department of Transportation staff elements with very strong interests in carefully reviewing the report. A thorough, in depth review required a great deal of time.

Mr. CARR. Overall, what is the Coast Guard's assessment of the Logistics Management Institute's housing report? Is disagreement with some of the findings and recommendations one of the reasons for the delay in submitting the report to Congress?

[The information follows:]

Overall, the Coast Guard's view is that the report fairly depicted our housing situation. A review of the summary of recommendations with Coast Guard responses shows that we concurred with seventeen of the nineteen recommendations. However, a number of delays were encountered in the clearance process, including protracted discussion among and between both Coast Guard and Office of the Secretary of Transportation staffs. No single step in the process was a major factor in the delay in submitting the report to Congress.

HOUSING MANUAL

Mr. CARR. What is the status of the housing manual? When will the revised manual be issued?

[The information follows:]

The Housing Manual had one major change issued in July 1993, and an additional change is in clearance with an anticipated release date of May 1994. The larger project, to completely revise and republish the manual in a more customer oriented format, will be accomplished under a contract to be initiated this fiscal year.

HOUSING GUIDANCE

Mr. CARR. One of the recommendations of LMI is that the Coast Guard should reinforce guidance regarding the use of Navy criteria and standards. What is the Coast Guard doing currently in this regard? Have you issued new guidance yet to your housing personnel?

[The information follows:]

The Coast Guard has used Navy design criteria and standards for many decades for shore facilities construction and major improvements. However, because our average site has tens of units versus hundreds of units for Department of Defense (DoD) sites, many DoD housing publications are inappropriate.

In fiscal year 1992, the Coast Guard focused on the need for a thorough routine maintenance assessment by local housing personnel to: (1) mitigate future maintenance needs; (2) assist our maintenance personnel and; (3) improve the quality-of-life for people occupying Coast Guard quarters. As a result, we initiated development of a Housing Programs Maintenance Assessment Guide (MAG) using information from recently published DoD housing maintenance publications, including the Navy's. In September 1993, we provided all our area housing officers and many local housing officers copies of a 50 percent complete MAG and a Navy developed maintenance checklist for immediate use in developing maintenance needs. We will complete and distribute the MAG in summer 1994, along with commercial housing repair manuals, for use by our housing maintenance personnel.

HOUSING MARKET STUDIES

Mr. CARR. The Coast Guard currently performs market studies for individual housing projects to determine if construction is the optimal way to proceed; is that correct?

[The information follows:]

Yes, Coast Guard policy, as promulgated through the Coast Guard Housing Manual, states: "Every proposed housing acquisition (i.e., construction or purchase) project shall be supported by appropriate housing market research, regardless of the number of units proposed. This research shall be used to determine whether local rental housing meets Coast Guard standards and needs, as well as the nature and expected duration of housing shortages. The research must be revalidated at least every two years until the purchase contract or the contract for construction is let. Proposed housing acquisition projects will not be accepted for review unless firmly supported by such research.

Housing market studies are not required for housing acquisition firmly justified by considerations other than the lack of adequate housing. These exceptions are limited to situations involving: acquisition of flag, command, or special command quarters; acquisition of quarters required by unit mission; and acquisition of quarters where Coast Guard ownership has special value outweighing normal financial considerations." Qualifying exceptions must be approved by the Chief of Staff.

Mr. CARR. Who performs the market studies, Coast Guard personnel or contract personnel?

[The information follows:]

Coast Guard policy, as promulgated through the Coast Guard Housing Manual, states: "Housing market studies consist of research and analysis of community resources. Although performed "in-house" on rare occasions, studies are usually contracted to professionals such as market or real estate economists expert in gathering and analyzing housing market data."

Mr. CARR. How does the Coast Guard decide where to conduct the market studies? In other words, is there a Coast Guard-wide ranking of housing needs?

[The information follows:]

Yes, the Coast Guard has a service-wide ranking of housing needs; it is contained in the Coast Guard's Shore Facilities Requirements List (SFRL). Each year, the SFRL is prioritized to ensure the housing projects needed the most are attended to first.

Mr. CARR. According to the LMI report, the Coast Guard's requirements list for acquisition of housing contains 452 units for $64.5 million in 1994, 216 units for $45.8 million in 1995, and 296 units for $53.2 million in 1996. However, the budget request last year was for only $22 million for 213 units and the 1995 request is $18.2 million for 65 units. Do you agree with the magnitude of the requirements facing the Coast Guard's housing program as contained in the LMI report?

[The information follows:]

No, the Coast Guard does not agree with the Logistics Management Institute's (LMI) extrapolation regarding the Shore Facilities Requirements List (SFRL). The data, represented in Table 5–3 and Appendix D of their report, gives the impression that all projects listed are approved and await funding. Actually, most of the projects from fiscal year 1994 and beyond were proposals in various stages of review. Many of these projects have not or will not survive the internal Coast Guard review and approval process for a variety of reasons.

Dollar figures listed in the LMI report are of limited value in accurately projecting funding requirements for new housing construction. LMI used these inflated data to construct the cost estimates for the "Ten Year Strategic Housing Plan" in Table 5–5 of the report.

Mr. CARR. Coast Guard officials repeatedly have stated that personnel are the highest priority within the service. That being the case, and if the needs are as great as indicated by the LMI report, why have the requests for housing been so far below requirements?

[The information follows:]

Personnel support remains a very high priority within the Coast Guard. The requests for housing acquisition do not reflect a change in priorities regarding people; they reflect the success of the government leased housing program, as well as our improving efforts to scrutinize the entire facilities planning process.

The Logistics Management Institute (LMI) extrapolated the Shore Facilities Requirements List (SFRL) giving the impression that all projects listed are approved and await funding. Actually, most of the projects from fiscal year 1994 and beyond were proposals in various stages of review. This review includes an evaluation of the need for new housing construction/purchase. Housing acquisition is only one way in which the housing needs of our members and their families are addressed.

As a matter of fiscal responsibility, the Coast Guard attempts to ensure its members are housed: first, through existing Government quarters; next, in the private market through housing allowances; then, through Government leases; and, finally, with purchased, constructed, or transferred (DoD) government quarters. For members and their families who cannot afford adequate housing using their allowances, government-leased quarters are provided. These leases do not require staffing for maintenance, and therefore they are more cost-effective than government-owned quarters.

HOUSING MAINTENANCE AND REPAIR

Mr. CARR. The Coast Guard owns or manages about 4,800 housing units for its personnel and their families. I know that improvements in housing management have been one of your priorities. The LMI study said the Coast Guard should be providing more funding for housing maintenance and repair. Is that reflected in your fiscal year 1995 budget request?

[The information follows:]

The fiscal year 1995 budget does not request additional funds for existing owned housing. However, maintenance and environmental remediation requirements of our owned housing are under review. The Coast Guard maintenance database is being reviewed for existing information on both material condition and environmental remediation needs. We are also developing criteria to conduct a comprehensive assessment addressing these needs in fiscal years 1995–1996. From this assessment, we will prioritize our major maintenance and remediation efforts on a servicewide basis.

In addition, to emphasize the importance of owned housing maintenance, we developed a new funding standard for district housing maintenance and repair. We also provided accompanying guidance to district commanders on allocating routine housing maintenance funds.

ENVIRONMENTAL CONTAMINATION IN COAST GUARD-OWNED HOUSING

Mr. CARR. This report indicated that Coast Guard housing units suffer from environmental concerns such as asbestos, lead-based paint, and radon, and said that "at a minimum, the Coast Guard needs to have current information on the extent of those hazardous materials." Does the Coast Guard have a good handle on the extent of these serious problems?

[The information follows:]

The Coast Guard is very concerned with possible health risks to members and their families living in government quarters which may contain asbestos, lead-based paint, radon, and/or other environmental contaminants.

However, the extent of environmental contamination Coast Guard-wide is not yet fully known. The Coast Guard is preparing to conduct a comprehensive assessment of all Coast Guard housing (including barracks) and child-development centers beginning with those facilities built prior to 1987. Tests under consideration include the aforementioned hazards, as well as lead in water, dust, and soil; and other likely hazards, such as pesticides, PCBs, etc. The Coast Guard continues to provide remediation and containment efforts at individual units that warrant immediate attention.

COAST GUARD-OWNED HOUSING MANAGEMENT

Mr. CARR. The report also concluded that your housing program was poorly managed, with much of the responsibility falling to personnel as a collateral duty, and with little training provided. What is being done to improve the management of your housing program?

[The information follows:]

We are addressing housing management issues as a top priority. As a first step, in September 1992 we published a comprehensive Housing Management Action Plan to address both leased and owned housing problems. To address the collateral duty problem, we have: (1) directed field commands to ensure housing is the primary duty for personnel assigned to housing billets; (2) updated personnel allowance lists for commands with housing to reflect housing as a primary duty; (3) worked to improve the quantity and quality of field guidance; and (4) worked with assignment personnel to increase repeat housing duty assignments for military personnel improving housing management staff experience. To improve housing management training, we have: (1) designed and implemented lease contract/negotiation courses for all leased housing program personnel (all will attend in fiscal year 1994); (2) provided maintenance assessment training to area housing officers; (3) provided annual housing management training for area and local housing officers; (4) initiated a complete revision of the Housing Manual, the primary basis for housing management and (5) attended Navy housing training courses to assess their application to Coast Guard housing personnel.

SEAGOING BUOY TENDER REPLACEMENT

Mr. CARR. Last year the Congress provided a total of $36,700,000 for the seagoing buoy tender (WLB) replacement program, enabling the Coast Guard to buy the second of the vessels. In May 1993, the project resident office was established and in January 1994 construction was begun on the first ship.

Bring the Committee up to date on any significant design changes that have been experienced in the program, and the reasons for them.

[The information follows:]

There have been two significant design changes since contract award. The first change, initiated by the Coast Guard, was removal of the stern anchor. After reviewing the propulsion capability of the Marinette Marine design, the stern anchor was considered unnecessary and removal resulted in weight, space and cost savings. The second change modified the stern hull design. This was initiated by Marinette Marine to improve water flow into the propeller.

Mr. CARR. What model testing has been performed on the seagoing buoy tender program during the past year and are any of the design changes the result of the model testing?

[The information follows:]

During the past year Marinette Marine conducted an extensive series of model tests to evaluate and validate the maneuvering and propulsion characteristics of the WLB design. The model tests were principally directed at determining hull resistance, appendage alignment, propeller performance and flow interactions between the hull and propeller.

Initial results indicated potential problems related to the flow into the propeller. Marinette made refinements to the hull form in the vicinity of the propeller and retested the model. The results indicate that the revised hull form solved the problem and the hull design was modified.

Mr. CARR. Have any of the design changes resulted in changes to the lines of the vessel, especially toward the aft of the ship?

[The information follows:]

Yes, the model test resulted in refining the hull form to improve the flow into the propeller.

Mr. CARR. In your opinion, should the contractor have recognized the shortcomings in the original design earlier and before the additional model testing was conducted?

[The information follows:]

Not necessarily. The contractor's actions were reasonable responses to routine testing requirements and follow the logical detail design process required under this contract.

WLB PROGRAM

Mr. CARR. How do you assess the risk in the WLB program, expressed in terms of cost, schedule and performance?

[The information follows:]

The present WLB project risk assessment is medium for cost and schedule and low for performance. This assessment takes into account current design and construction efforts associated with the lead ship, costs associated with lead ship construction and fielding a new class of cutters, and uncertainties associated with transferring from low rate initial production to full production.

Mr. CARR. One of the major features of the seagoing buoy tender will be the spilled oil recovery system. Does the Coast Guard know exactly what type of system it needs or wants for these ships?

[The information follows:]

The *Juniper* class ships will have equipment that allows them to provide immediate response to an oil spill. They system consists of a skimmer arrangement deployed alongside the ship, a settling tank and pumps aboard the ship that allow the ship to pump the recovered oil to a towed dracone or barge. The skimmer unit will be stored inside the settling tank when not in use.

The lead ship will be delivered with three candidate skimmer systems and the installed equipment that will enable the ship to operate all three systems. The optimum system will be selected following an in-house USCG operational test and evaluation. The follow-on ships will then be equipped with only the selected system.

OIL SPILL RECOVERY SYSTEM

Mr. CARR. How much additional cost is built into the program due to the lack of the Coast Guard specificity on the spilled oil recovery system?

[The information follows:]

The additional program cost of not specifying a spilled oil recovery systems is estimated to be $670,000. There are several commercially available skimming systems that could meet the Coast Guard requirements. However, because of the criticality of the interface between the internally installed systems with the external boom and storage systems, we delayed the skimmer competition until a working WLB replacement platform was available to test the system. This permits the Coast Guard to objectively evaluate the integration of the system, as well as the system itself. The purchase price, including installation and testing, of the three competing systems is estimated at $1,005,000 or $335,000 each. Test systems will only be installed on the lead ship. Funding for one complete skimming system is included in the cost estimates for each follow on ship.

Mr. CARR. The project resident office is staffed with 37 Coast Guard personnel; is that correct?

[The information follows:]

No, the consolidated WLB/WLM Project Residence Office (PRO) has a total of 61 personnel assigned. Originally, the WLB and WLM PRO were envisioned to require 37 personnel each. When Marinette won the WLM contract, Coast Guard evaluated the combined PRO efficiencies, and determined that a staff of 60 was required for a single unified command.

Mr. CARR. Why does it take so many Coast Guard personnel to manage this project at the site? There are approximately 350 to 400 contractor personnel working on the project, so the ratio is nearly one Coast Guard employee for every 10 contract workers.

[The information follows:]

Seagoing Buoy Tender (WLB) Project Residence Office (PRO) staffing is based upon Coast Guard experience administering shipbuilding and repair contracts. The WLB PRO staff size was based on a careful evaluation of the anticipated WLB workload, which includes contract administration, quality assurance, cost/performance monitoring, technical support/review, logistics support/review, inspection oversight, developmental test and evaluation (DT&E) verification, and administrative functions. Past experience has shown the importance of having a sufficient number of personnel assigned to the PRO staff to mitigate cost, schedule and performance risks inherent to shipbuilding efforts.

COASTAL PATROL BOAT REPLACEMENT

Mr. CARR. Funds are requested in the fiscal year 1995 budget for the coastal patrol boat (WPB) replacement program. Earlier, 43 boats had been forecast for this program, but the current budget indicates only 31. What are the reasons for and mission implications of the proposed change?

[The information follows:]

Thirty-one coastal patrol boats with enhanced capabilities are projected to provide the current level of operational service. However, the final number of coastal patrol boats to be acquired will be determined prior to the full-production phase at key decision point 4. This number will be determined by an updated mission analysis, updated Coast Guard requirements, and available funding. The current mission analysis supports a replacement fleet of between 30 to 50 coastal patrol boats to meet the projected operational demand in the year 2000.

Mr. CARR. The draft request for proposals was distributed for industry comment earlier this year. Explain the reasons why the Coast Guard intends to limit this acquisition to small businesses.

[The information follows:]

The Small Business Act (15 U.S.C. 631), as implemented by the Federal Acquisition Regulations (FAR 19.502) requires government agencies to review acquisitions to determine if they can be set-aside for small business. Acquisitions shall be set-aside for exclusive small business participation if there is a reasonable expectation that (1) offers will be obtained from at least two responsible small business concerns; and (2) awards will be made at fair market prices. The Coast Guard is confident that several small businesses will submit proposals at fair market prices. Several market surveys, interest expressed in the draft request for proposals, and participation by many small businesses in the pre-solicitation conference support this conclusion.

Mr. CARR. Explain the parent craft approach which permitted combining key decision points two and three.

[The information follows:]

The parent craft approach requires that a parent craft shall have been previously designed, built (minimum of two) and operated as a patrol craft. This requirement allows us to reduce risk and meet the need to replace the aging fleet of 82-foot patrol boats by the year 2001. During concept exploration (phase 1) the coastal patrol boat project used various conceptual designs, feasibility studies, market surveys, and an in-house trade off study to document that a conventional monohull design boat using existing mature technology and hardware satisfies our requirements and is available in the commercial market. The coastal patrol boat configuration control board (CCB) reviewed designs submitted in response to a Commerce Business Daily sources sought synopsis. The CCB determined that an existing (parent craft) patrol boat hull is available and the parent craft design concept will satisfy mission requirements. As a result, the Transportation Acquisition Review Council approved the strategy to combine key decisions 2 and 3 as it was determined that the objectives and activities of the demonstration and validation phase had already been successfully completed.

Mr. CARR. Does the draft request for proposals acknowledge that significant design changes to any existing vessel will probably be needed to meet the Coast Guard's requirements?

[The information follows:]

Yes, the draft request for proposals acknowledges that changes may be necessary. However, rigid parent-craft requirements govern the overall design, hull form and major systems.

Mr. CARR. Does the fact that design changes will probably be necessary for the coastal patrol boat acquisition dampen any of your enthusiasm for using the small business set-aside program for this project?

[The information follows:]

No, design changes to the parent craft will be very limited in nature. Previous experience building the 110' Island class patrol boat, and recent experience with the seagoing buoy tender acquisition, provide clear evidence that small business shipbuilders are capable of designing and constructing the coastal patrol boat at a fair market price.

Mr. CARR. Based upon your preliminary discussions with small businesses concerning the 82-foot coastal patrol boat program, how many qualified small businesses do you think will bid on the project?

[The information follows:]

Information collected from market surveys, interest expressed in the draft request for proposals, and participation in the pre-solicitation conference leads us to expect at least 6 small business shipyards will submit proposals.

SMALL BUSINESS SET-ASIDES

Mr. CARR. Please explain for the Committee how the Coast Guard decides whether or not to make an acquisition using the small business set-aside provisions.

[The information follows:]

The Federal Acquisition Regulations (FAR) Subpart 19.502–2 specifically states, "The entire amount of an individual acquisition or class of acquisitions, . . . shall be set-aside for exclusive small business participation if the contracting officer determines that there is a reasonable expectation that (1) offers will be obtained from at least two responsible small business concerns offering the products of different small business concerns and (2) awards will be made at fair market prices." There are several ways in which the CG determines the above, but primarily this is done by:

1. Examining past acquisitions
2. Conducting market surveys, and
3. Evaluating acquisition complexity (design versus parent craft, development versus build to print).

Mr. CARR. The Coast Guard currently intends to restrict the participants in the 82-foot coastal patrol boat and the follow-on buys of the 47-foot motor lifeboat to small businesses; is that correct?

[The information follows:]

Yes, the Federal Acquisition Regulations (FAR) Subpart 19.502–2 specifically states, "The entire amount of an individual acquisition or class of acquisitions, . . . shall be set-aside for exclusive small business participation if the contracting officer determines that there is a reasonable expectation that (1) offers will be obtained from at least two responsible small business concerns offering the products of different small business concerns and (2) awards will be made at fair market prices." Based on our most recent awards for Coast Guard vessels and market surveys, there is sufficient competition (two or more vendors) available in the small business community capable of building both the coastal patrol boat and motor life boat.

Mr. CARR. How much interpretation or flexibility is there in the application of the federal acquisition regulation concerning small business set-asides?

[The information follows:]

The Federal Acquisition Regulations implement the specific requirements of the Small Business Act, applicable sections of the Armed Services Procurement Act, the Federal Property and Administrative Services Act, and Executive Order 12138. The Small Business Administration sets the standards which differentiate between small and large business. Coast Guard flexibility lies only in making a determination about bidders capability to perform work required and that sufficient competition exists to yield a fair and reasonable price. Once the determination is made that both factors can be met through competition in the small business community, the responsibility to mandate a small business set-aside is clear, under the law.

Mr. CARR. The pertinent section of the Federal acquisition regulation reads as follows:

> Although past acquisition history of the item or similar items is always important, it is not the only factor to be considered in determining whether a reasonable expectation exists. In making R&D small business set-asides, there must also be a reasonable expectation of obtaining from small business the best scientific and technological sources consistent with the demands of the proposed acquisition for the best mix of cost, performances, and schedules.

Although not a strict R&D effort, isn't there sufficient development involved in the 82-foot coastal patrol boat to allow the Coast Guard to conduct a full and open competition if it wanted to?

[The information follows:]

No, the R&D language does not apply and the level of design change is minor in nature in relation to the overall parent craft design.

SEAGOING BUOY TENDER PROGRAM

Mr. CARR. The seagoing buoy tender program awarded last year was not limited to small businesses; is that correct? What were the major reasons why the Coast Guard did not limit this acquisition to small businesses?

[The information follows:]

It is correct that the Seagoing Buoy Tender Replacement (WLB(R)) acquisition awarded last year was not limited to small businesses. The design requirements for this size vessel precluded a small business set-aside. The WLB(R) was a two-phase acquisition, the first phase of which was a full and open competition for a preliminary design based upon performance requirements. For this phase, full and open competition was necessary to obtain a reasonably large field of bidders to assure a good value for the government, and a correspondingly broad offering of industry designs.

PROTOTYPE VESSELS FOR 47-FOOT MOTOR LIFEBOAT

Mr. CARR. What about the 47-foot motor lifeboat? The contract for the five prototype vessels was not limited to small businesses. Were there any qualified small businesses for that project?

[The information follows:]

The initial contract to design and build the 47-foot motor lifeboat prototype with an option for five preproduction boats was advertised as a small business set-aside. Only one of the four small business proposals received was judged technically acceptable. During the course of the evaluation this small business was bought out by a large business concern. The Coast Guard subsequently stopped the procurement and readvertised it as full and open or unresirtcted competition. Four of eight proposals received in response to the second advertisement were from small businesses.

Mr. CARR. Does restricting the 47-foot motor lifeboat to small businesses have the effect of excluding from participating in the bidding process the firm responsible for making the five prototypes and responsible for preparing the technical design package for the boat?

[The information follows:]

Yes, under present regulations, this firm will be excluded from the bidding process if a market survey conducted in April confirms that adequate competition and capability exists from small businesses.

Mr. CARR. Do you think excluding the firm most familiar with design and construction of the 47-foot motor lifeboat from even bidding on the follow-on buys will result in the best value or product for the government?

[The information follows:]

The strategy of contracting for preproduction boats has resulted in a proven technical design package from which the full production will be produced. Having a solid design package will ensure the boats produced will meet Coast Guard requirements. The present acquisition strategy will comply with Federal Acquisition Regulations (FAR), provide adequate competition, and ensure the best value and product is produced for the government.

HIGHLAND LIGHT RELOCATION

Mr. CARR. The Committee's report accompanying the 1994 transportation appropriations bill directed the Coast Guard to use existing funding to conduct planning and design studies for the relocation of the Highland Light in Massachusetts. What is the status of this effort?

[The information follows:]

Planning studies, including final site selection, are well underway and are being overseen by a joint Coast Guard and National Park Service Steering Committee. All planning efforts are scheduled to be completed within the mandated 6 month timeframe.

The Coast Guard has responsibility for completing all project design studies. Preliminary engineering design and environmental work are also underway. Design studies are scheduled to be complete by the spring/summer of 1995.

A detailed joint agency progress report to the Chairman of our House Authorization Committee is being developed. A copy will also be sent to the Senate.

Mr. CARR. Press reports have indicated that approximately $5 million may be needed to study the issue, move the lighthouse, upgrade it to National Park Service standards for tourist sites, and operate it. Does this estimate sound accurate to you?

[The information follows:]

Based on cost estimates included in the original Coast Guard Strategy Document and updated information from our Civil Engineering Unit in Providence, RI, the total estimated relocation costs will be in the $2.5 million to $3.0 million range.

Upon completion of the project, ownership of the lighthouse and all associated real property will be transferred to the National Park Service. There will be recurring annual operations and maintenance costs, which are in addition to the relocation costs indicated above.

Mr. CARR. Has the Coast Guard identified resources in its budget to accomplish any of the work involved with the study and relocation of the Highland Light?

[The information follows:]

The Coast Guard has identified funding for all planning and design related activities, including the studies being completed by the National Park Service.

To date, no funds have been identified for the actual lighthouse relocation.

Mr. CARR. Admiral Kime, during last year's hearing you were asked to grade the Coast Guard's research and development program on a scale of one to ten. Your response was a ranking of between six and seven. How do you respond to the same question today?

[The information follows:]

The Coast Guard Research and Development (R&D) Program has moved slightly above the "grade" of seven, and has the potential to go even higher. For this to happen, we will need to implement and monitor study recommendations expected in several reports this spring and summer. During the past year, while our R&D program staff continued internal improvements, we chartered a broad-based team to examine the foundations of the Coast Guard's approach to R&D. The team's examination built upon last year's GAO findings and identified numerous improvements we need to implement before we can say the Coast Guard has fully integrated R&D into its strategic and long range planning processes.

HUMAN RESOURCE MANAGEMENT

Mr. CARR. In the fiscal year 1995 budget request, the Coast Guard is requesting $375,000 for research on increasing human resource management effectiveness. This research effort involves new training techniques and technologies and development of staffing standards. Why are these efforts classified as research instead of management or personnel analysis?

[The information follows:]

These efforts are classified as research and development as they meet the criteria of exploratory development. Both efforts involve evaluating and demonstrating the feasibility and practicality of employing new technologies and methods in meeting mission requirements. The efforts will determine if methods and technologies described in scientific literature can be applied effectively to Coast Guard problems.

EVALUATION OF RDT&E PROJECTS

Mr. CARR. Last year's Committee report directed the Coast Guard to evaluate three specific research and development areas in fiscal year 1994. The three areas are the differential global positioning system, the cutter scheduling assistance program, and self-locating datum marker buoys. What are preliminary results of the evaluations performed by the Coast Guard on these three activities?

[The information follows:]

The preliminary evaluations directed for these three areas have been completed: (1) The Cutter Scheduling Assistance Program (CSAP) project has been in test operation in Atlantic Area for nearly two years and in Pacific Area for just over a year. Measures show significant increases in the average days away from home port (DAFHP) and a significant decrease in both the deviation of DAFHP from the operational standard and in lost cutter operational days due to unplanned maintenance. CSAP provided the flexibility and responsiveness during Operation Able Manner to reschedule $2.7M dollars of cutter maintenance without undue burden to any cutter or loss of performance capability. (2) The Differential Global Positioning System (DGPS) will not be fully operational until 1996 so our results are limited to a projection of Coast Guard buoy tender efficiencies measured to date in testbed operations. The measures are operational hours lost due to poor weather, and fuel consumption. Projected improvements in both measures are sizable and allowed a reduction of 3 vessels in the size of the new buoy tender fleet during the seagoing buoy tender (WLB)/coastal bouy tender (WLM) replacement acquisition now in progress (successful implementation of DGPS is vital to this downsizing). Although no measures are presently possible, more significant benefits to other programs and agencies will be attributable to DGPS since it is an add-on technology which makes navigation fix accuracy better than the best Department of Defense (DOD) (encrypted) GPS fix accuracy. The Coast Guard developed method for DGPS has become an international standard and its becoming a national asset. It is likely users of all transportation (land, sea and air) will use it for all-weather navigation. Other federal agencies are planning major system improvements based on DGPS accuracy and Coast Guard-developed concepts. (3) Operational deployment of Self-Locating Datum-Marker Buoys (SLDMBs) is still several years away, however, probability of success (POS) in locating the search object has been identified as a possible measure for search and rescue (SAR) effectiveness. Another measure, defined now for aircraft involved in a search, is a reduction in the time spent locating the conventional data marker buoys (DMBs) now in use. For example, during a 12 hour sortie, aircraft typically fly one hour to locate existing DMBs and 11 searching for the search object. Based on tests to date, use of the SLDMBs is projected to make available about 1,200 hours more aircraft search time each year, increasing the probability of detecting search objects, and potentially saving more lives and property.

Mr. CARR. What specific measures of effectiveness can the Coast Guard provide that demonstrate the usefulness of these projects?

[The information follows:]

Specific measures of effectiveness for the three efforts are: Cutter Scheduling Assistance Program (CSAP); days away from home port (DAFHP); average deviation in DAFHP.

Differential Global Positioning System (DGPS); change in short range aids to navigation operational hours lost to bad weather; buoy tender fuel consumption.

Self Locating Data Marker Buoys (SLDMBs); change in time diverted from search; change in probability of success (POS).

Mr. CARR. When will a final report be prepared on this effort?

[The information follows:]

The report is undergoing final review within Coast Guard headquarters and will be submitted to the Office of the Secretary of Transportation (OST) for review. We estimate the report will be submitted to the Committee by OST in June 1994.

Mr. CARR. What other measure of effectiveness for research and development projects has the Coast Guard developed this year?

[The information follows:]

No other measures of effectiveness (MOEs) for research and development projects have as yet been developed, but significant efforts are underway to produce a methodology and procedures to include development of MOEs for the R&D program in the Coast Guard's long-range planning process. These efforts are being performed under a high-level research and development improvement guidance team (RDIGT) chartered by the Chief of Staff. The RDIGT, in turn, chartered three senior-level Quality Action Teams (QATs): R&D definition and appropriation use (DEF/APP), management effectiveness improvement (MEI), and long range planning (LRP). Both the MEI and LRP QATs are addressing measures of performance and effectiveness for the R&D program. Preliminary investigation of this issue indicates that the Coast Guard's new long-range planning process will include R&D MOEs specified by Coast Guard program managers when they request R&D support. They will update those measures as the R&D effort evolves.

Mr. CARR. Does the Coast Guard now have a formal process by which measures of effectiveness will be developed and incorporated into RDT&E projects?

[The information follows:]

Yes, the current formal process requires that when Coast Guard program managers request RDT&E support, they must state both the criteria by which RDT&E process success is to be measured and the expected benefits/performance improvements. However, this process has not consistently provided the detail necessary for more accurate measures. Development of an improved measurement process for the R&D program is a key goal of the R&D improvement studies now underway. We plan to begin using the improved process once approved.

BOATING SAFETY GRANTS PROGRAM

Mr. CARR. In a fact sheet explaining its fiscal year 1995 budget proposals, the Coast Guard says that the boat safety grant program can be eliminated because it is a small portion of overall funding for boating safety programs and activities. The same case could be made for federal highway spending, which is only about 20 percent of the total, and for airport grants, which are only a fraction of the total investment in airports around the country. Are there other reasons for terminating the boat safety grants program?

[The information follows:]

The administration's budget does not propose to eliminate all Boat Safety grants. Continued federal Boat Safety state grant funding will be provided from the authorized transfer of funds ($7.5 million in 1995, $10 million in 1996 and 1997, and $20 million in 1998) to the Secretary of Transportation from the mandatory Sport Fish Restoration Account under the provisions of Clean Vessel Act of 1992, (P.L. 102–587).

The austere nature of the federal budget was the overriding reason for the budget proposal to terminate the discretionary Boat Safety appropriation, which could potentially provide an additional $35 million in grant money for state recreational boating safety (RBS) programs.

In proposing termination of the discretionary grant program, the Coast Guard is encouraged by the significant success of the state programs in reducing fatalities. While the estimated number of boats has more than tripled since the Federal Boating Safety Act was enacted in 1971, the boating fatality rate has dropped 80%. Recreational boating fatalities reached a record low 816 in 1992.

Further, the national recreational boating safety program was established to promote greater state participation and uniformity in boating safety efforts and to encourage the states to assume a greater share of boating safety education, assistance and enforcement activities. The Coast Guard recognizes the states' assumption of responsibility for boating safety. State initiative is evidenced by their collective financial contribution in excess of four times the Federal boating safety grant amounts.

The Coast Guard will also continue to oversee the national boating safety program, and provide key boating safety services, including maintaining our full support for Coast Guard Auxiliary activities, boating education programs and safety information pamphlets, boating safety compliance testing and boat recall campaigns, establishing or updating boating safety rules and regulations, as well as maintaining our essential multi-mission stations and aids to navigation facilities to ensure an adequate emergency search and rescue capability and safe U.S. waterways. We will also continue to coordinate safety enforcement activities with the states and provide grant funds for boating safety activities of national non-profit service organizations.

Although funds appropriated from the boat safety account of the Aquatic Resources Trust Fund for the State Recreational Boating Safety Grant Program are derived from fuel taxes paid directly by boaters, they are scored in the budget no differently than Coast Guard operating expenses, which are predominantly paid from general tax revenues. In order to meet the Coast Guard Office of Management and Budget (OMB) outlay targets, the discretionary portion of the State RBS grant program, of necessity, had to be considered a potential candidate for reduction, in competition with other Coast Guard programs. In the context of significant operational and personnel resource reductions, and the adverse impact of additional operational resource cuts that would be necessary if the Coast Guard were to continue the State Recreational Boating Safety Grant Program, the Administration believes that the grant program must be offered as part of the agency's budget reduction package. This preserves the Coast Guard's ability to continue essential services for the recreational boating public, as well as the maritime industry as a whole.

Mr. CARR. According to the National Transportation Safety Board, boating fatalities are second only to motor vehicle deaths in transportation-related fatalities in this country. Is the Coast Guard arguing that the federal government should not have any role in working with the states to improve this situation?

[The information follows:]

No, the Coast Guard believes that federal and state cooperation has been, and will continue to be, important to the success of the National Recreational Boating Safety Program. The Federal Boat Safety Act of 1971, as well as prior and subsequent boating safety legislation, has served to foster this cooperation. The Coast Guard will continue to work closely with the National Association of State Boating Law Administrators and with individual states to address boating safety issues. The Coast Guard will continue to provide training to state personnel through the National Boating Safety Instructor Course, to share information and educational materials with the states, to work with the states to develop education strategies and improve accident data, to coordinate enforcement and other activities at the state and local levels, and otherwise cooperate with the states to the greatest degree possible.

Also, the administration's budget proposes to terminate only the discretionary appropriation for the boating safety grants. The states will continue to receive federal funding for recreational boating safety programs under the mandatory appropriation from the Sport Fish Restoration Account under provisions of the Clean Vessel Act of 1992. This funding increases dramatically from $7.5 million in 1995, to $10 million in 1996 and 1997, and $20 million in 1998.

It is also important to note that the Coast Guard will continue to provide the leadership, coordination, and oversight for the National Recreational Boating Safety Program by:

Supporting Coast Guard Auxiliary activities; including boating education, courtesy marine examinations, and safety and marine event patrols.

Updating existing, or establishing new, boating safety standards for boats, associated equipment, and boat operations.

Conducting standards compliance testing and oversight of boat recall campaigns.

Maintaining a safety hotline for the public to report or receive information on product defects and other boating safety matters.

Conducting boating safety educational and informational campaigns.

Maintaining essential multi-mission stations and aids to navigation facilities to ensure adequate emergency search and rescue capability and maintain safe U.S. waterways.

Providing grants for boating safety activities of national non-profit service organizations.

Mr. CARR. Does it seem reasonable to you that the Coast Guard continues to provide free support for yachting events and regattas, and is planning to provide millions of dollar's worth of support to the 1996 Summer Olympics, but cannot find the resources to contribute to a grant program which improves boating safety all across the country?

[The information follows:]

The austere budget situation necessitated some difficult choices. The Coast Guard would prefer to continue to support the state boating safety grant program and sustain prior levels of essential operational services including the responsibility to assure that safety and navigation are not compromised by improperly conducted marine events.

The organization sponsoring a marine event is responsible for the safe conduct of the event. Through the marine event/regatta permit process the appropriate Coast Guard District Commander or his delegate ensures that the event sponsor provides adequate safety boat patrols for the planned marine event. The use of Coast Guard vessels is typically limited to those events which may be expected to introduce extra or unusual hazards, or which impede the normal flow of marine traffic to such an extent that Coast Guard Captain of the Port law enforcement authority may be required to ensure marine safety. Also, the Coast Guard application reviewing official must require a Coast Guard patrol be assigned if special local regulations are issued. Such regulations will be issued for the Summer Olympics. Coast Guard boat and cutter resources will be assigned to monitor or exercise specific control over the event and they will routinely conduct law enforcement activities and perform search and rescue missions. States are encouraged to regulate certain marine events, and local coordination is routinely carried out.

The Coast Guard has particularly important operational responsibilities regarding international marine events such as those to be featured in the 1996 Olympics. Substantial international participation in the Summer Olympics will necessitate a higher degree of Federal protective and control responsibility, including potential antiterrorism and port security activities. This event will draw many spectators from the United States, as well as countries around the world, and security may involve several federal and state agencies. In exercising our inherent responsibilities to preserve safety of life, property, and the environment, it is often difficult to clearly differentiate the point when services which are provided by the government for the common good also become a direct benefit to the commercial event sponsor.

OIL SPILL LIABILITY TRUST FUND

Mr. CARR. The oil spill liability trust fund was created by the Oil Pollution Act of 1990. It is financed by a five cent tax on each barrel of oil produced domestically or imported. The trust fund had a balance of $1 billion at the end of fiscal year 1993. Current estimates call for the balance to be reduced only to $975 million by the end of fiscal year 1994. What is the long-term future of the oil spill liability trust fund? Will this money remain on the books indefinitely, or is there a plan to draw it down?

[The information follows:]

If the oil tax is extended beyond calendar year 1994, the tax revenue will be used to maintain an Oil Spill Liability Trust Fund (OSLTF) balance, while supporting oil pollution incident response efforts and payment of damage claims. If the oil tax is not extended, the OSLTF will be depleted at a rate dependent upon the number and magnitude of oil pollution incidents that occur. The current estimate of the fiscal year 1994 OSLTF year-end balance is $965 million. A significant draw was the grounding and total loss of the T/B Morris T. Berman in San Juan, PR, with projected costs currently at $75 million for removal and estimated additional costs of over $15 million for claims. Estimates for fiscal years 1995 and beyond show the OSLTF being decreased by $150 million annually, given average operating parameters and assuming a major incident similar to the T/B Morris T. Berman spill occurring once every three years. If the oil tax is extended, the OSLTF could remain as the source of funds for oil pollution response indefinitely.

SELECTED RESERVE REDUCTION

Mr. CARR. The fiscal year 1995 budget proposes to reduce the ready Reserve by another 1,000 personnel, resulting in an end-year personnel strength of 7,000. This would mean a total drop of 25 percent in only two years (from 9,341 in fiscal year 1993 to 7,000 in fiscal year 1995). Why is the Coast Guard making this recommendation when only six months ago we received a study from you saying that the appropriate size of the selected reserve is 8,000 personnel?

[The information follows:]

Based on a Selected Reserve sizing study we conducted and forwarded to Congress in November 1993, the appropriate size of the Selected Reserve required to respond to multiple, concurrent defense and non-defense related contingencies is 8,000. The overall fiscal year 1995 Coast Guard budget target required reductions in the budget, and reductions were distributed among many Coast Guard programs, including the Reserve. Notwithstanding the stated requirement, we consider it highly unlikely that all 8,000 Selected Reservists would be needed simultaneously for defense mobilization. Therefore, our best judgment is that the Coast Guard will be able to respond to all probable combinations of defense and domestic emergency scenarios. At 7,000 essential support for mobilization requirements in strategic outload ports and direct defense support requirements would be maintained at a level consistent with Department of Defense planning and mobilization requirement.

Mr. CARR. Over the time period in which you propose to reduce Reserve strength by 25 percent, you propose to reduce active duty defense readiness funding by only about 2.5 percent. Shouldn't there be a little more parity between these two figures?

[The information follows:]

Defense Readiness program funding includes support of individual and unit training, joint naval training exercises, single/multiship operations, deployable squadron organizations and port security unit training and outfitting. It must be viewed in the context of the entire ready military force comprised of both active duty and reserve personnel. The program encompasses the participation of both active duty and reserve forces in maintaining an effective state of military preparedness.

Selected Reserve sizing cannot be viewed as a single significant driver of the entire defense readiness program budget. From the ready military force aspect, the combined active duty and reserve force in fiscal year 1993 was about 48,600 and in fiscal year 1995 this force size is projected to be about 45,300. This represents a decrease in total force size of approximately 6.5 percent

ALTERATION OF BRIDGES

Mr. CARR. I am glad to see the administration agreed with this Committee's recommendation last year that highway bridges deemed an obstruction to marine navigation should be funded by the Federal Highway Administration and not by the Coast Guard. However, I notice that you are recommending no continued funding for the Florida Avenue Bridge in New Orleans, which is a combination rail-highway bridge.

In last year's Committee report, we included funding for that bridge, which should have indicated our view that Coast Guard funds could be used for alteration of bridges with railroad crossings, regardless of whether the bridge also accommodates highway traffic. In other words, we considered a combination bridge a "rail" bridge and not a "highway" bridge. Does the Florida Avenue Bridge require additional funding in fiscal year 1995, and if so, why isn't it included in your request?

[The information follows:]

The Florida Avenue Bridge is under engineering design and the funding presently available is adequate to complete this work. Therefore, no additional funding is needed for fiscal year 1995.

DCAA AUDITS

Mr. CARR. According to the IG, DCAA audit hours devoted to Coast Guard acquisition audits are expected to decline from 7,646 in fiscal year 1994 to 5,258 in fiscal year 1995. Given the continuing need to audit acquisition contracts, why is the Coast Guard requesting (through the IG) a 31 percent decrease in DCAA support?

[The information follows:]

The Coast Guard did not request a reduction in audit services. The Coast Guard's 1995 allocation for DCAA audit is determined by the Department of Transportation. We are investigating alternative sources through the use of in-house or contract services.

SPARE PARTS—CURTIS BAY, MD

Mr. CARR. In response to an Inspector General audit, the Coast Guard reviewed its parts inventory at Supply Center Curtis Bay, Maryland. The service found $21.8 million in overstocked parts. Rather than sell these parts, however, the Coast Guard decided to retain most of the inventory for various reasons, such as contingency reserves. Why not sell these parts and use those resources to fund additional operating activities, if they are not needed next year?

[The information follows:]

We generally agree with the recommended management process improvements of the July 13, 1993 Department of Transportation Inspector General (DOTIG) audit at Supply Center Curtis Bay (SCCB) and have aggressively taken action to implement them. However, we strongly contested the finding of $22 million in excess stock. The Coast Guard estimates a potential overstockage of $1.7 million. In further discussions, the DOTIG agreed to a Coast Guard proposal that we review each stock item in question using a new economic order quantity. (EOQ) inventory model placed in service in February 1994. By August 1994 we will have completed this review and will either declare the unnecessary inventory as excess or further justify its retention.

A significant dollar portion of the reported overstocked material is engines in our rotatable repair programs and equipment nearing obsolescence or out of production. These will be needed for continued support of Coast Guard vessels, because replacements will not be obtainable in the future. For example, the engines for the 110′ patrol boat are now entering their first change-pout rotation based on operating hours. Most of the 110′ patrol boats engines were not domestically manufactured, are now out of production, therefore it makes good business sense to retain "extra" spares. Another example is 41′ UTB (utility boat) engines, also no longer in production, but will be required to support the 41′ UTBs for the next 10 years.

The Coast Guard cannot sell excess inventory to fund operating activities because all sales of excess material are handled by the Defense Reutilization and Marketing Office (DRMO) who must return the proceeds to the general fund. Further, the DRMO estimates average proceeds from sale of excess stock items to be over 2–3 percent of the original acquisition cost. This low return to the government makes disposal unattractive if there is a reasonable expectation of needing the parts in the future.

OUTLAYS—SCORING OF PRIOR YEAR APPROPRIATIONS

Mr. CARR. Please explain in detail why in fiscal year 1995 the administration has changed the scoring of prior year outlays for Coast Guard operating expenses from the previous 80–20 split. In particular, describe what new accounting or programmatic information led to this conclusion.

[The information follows:]

The administration changed the scoring of prior year outlays for Coast Guard Operating Expenses (OE) following an analysis of accounting records to determine if CBO's projected fiscal year 1994 three-year spendout rate of 80%/12%/8% was more in line with current spending trends than the administration's projected fiscal year 1994 two-year spendout rate of 80%/20%. The accounting report used to support OE's three-year spendout is a Treasury financial statement entitled "Undispersed Appropriation Account Ledger". Beginning with fiscal year 1992 data, this report identified outlays by fiscal year rather than consolidating prior fiscal year outlays. Although we were unable to predict precise second and third-year spendout rates, the analysis conducted, using limited available data, not only validated the occurrence of a three-year spendout, but also indicated 2nd and 3rd year spendout rates in the range of those assumed in the budget. Also, the analysis determined that the first-year spendout appeared to stabilize at approximately 80 percent. For lack of additional fiscal year data to set historical trends, CBO's fiscal year 1994 spendout rate was applied for consistency. However, it is certain that the new scoring method is much more accurate than the previous 80–20 split. The Coast Guard will continue to track spending trends.

Mr. CARR. According to data from the Office of Management and Budget, prior year outlays scored against the budget year appropriation drop from $527.5 million in fiscal year 1994 to only $305.9 million in fiscal year 1995 for the operating expenses appropriation. This would indicate that the Coast Guard did not apply the new (80–12–8) outlay split to the fiscal year 1993 appropriation, assuming that all of those outlays occurred in fiscal years 1993 and 1994. The Congressional Budget Office has not agreed to deduct those outlays. If the new outlay split is based on more accurate and current data, isn't it appropriate to count the outlays resulting from the fiscal year 1993 appropriation?

[The information follows:]

No. when the administration adopted the Congressional Budget Office's three-year scoring convention for Coast Guard Operating funds, it was determined that this would be implemented beginning in fiscal year 1994 and that fiscal year 1993 funds would continue to be scored at the old 80–20 percentage split.

DAFIS

Mr. CARR. The Department of Transportation (DOT) has spent nearly $27 million to install the departmental accounting and financial information system (DAFIS). A major reason for this investment was to reduce the numerous and labor-intensive accounting systems, such as those at the Coast Guard.

In 1992, GAO reported that DOT achieved progress by implementing DAFIS. However, even though DAFIS was installed in the Coast Guard, the agency still had to operate three separate systems for its aircraft, supply and maintenance activities. DOT has claimed that by implementing DAFIS, it has achieved significant efficiencies. To achieve more efficiencies, what are your plans for consolidating the three systems that you operate outside of DAFIS?

[The information follows:]

DAFIS has proven to be an effective accounting system for the management of our appropriation accounts. The processes DAFIS supports, however, are functionally different from those used in Coast Guard logistics and industrial cost accounting. DAFIS records federal income and expenditures. By contrast, Coast Guard logistics and industrial systems use commercial sector practices such as adjustments to inventory records, full costing of products and services and, support for reimbursement and billing. DAFIS does not currently support these business functions.

We intend to have a single servicewide system for inventory management, general accounting at supply centers, and industrial cost accounting. The system will transmit periodic summary data to DAFIS to facilitate the objective of a single integrated system for the Department of Transportation. We have recently completed developmental work on our Aviation Maintenance Management Information System (AMMIS). AMMIS contains an accounting module which supports both logistics and industrial functions. As part of the Supply Center Computer Replacement (SCCR) Project, we are reviewing AMMIS to see if it can meet the inventory management and accounting needs of Supply Centers Baltimore and Curtis Bay. The SSCR project will address the need to replace technologically obsolete computer systems at both supply centers with a system that will allow consolidation of both supply centers. A separate study has also recently been started to examine the suitability of AMMIS for the Industrial accounting needs of the Coast Guard Yard.

Mr. CARR. What are your estimated cost savings associated with these plans?

[The information follows:]

There are no specific cost savings associated with the Supply Center Computer Replacement (SCCR) Project itself, but there will be cost avoidance and the potential for future savings due to the consolidation of Supply Centers Baltimore and Curtis Bay, MD into one center.

The Supply Center Computer Replacement (SCCR) project will: a. Replace the two existing, functionally and technologically obsolete, information systems at Baltimore and Curtis Bay with a single, integrated, hardware and software system capable of adapting to evolving technology and database growth; and

b. Focus on adaptation of the Aviation Maintenance Management Information System (AMMIS) to provide desired inventory management and industrial cost accounting information functions. There is currently no architecture that links common supply and accounting functions used by Coast Guard ships and support units. The Coast Guard aviation community laid much of the groundwork for systems design and software development by producing AMMIS. Adapting AMMIS to meet surface and support unit needs, and to transmit periodic summary data to DAFIS to facilitate the objective of a single integrated system for the Department of Transportation, will cost approximately $3 million less than either creating an entirely new system or adapting the present DAFIS system. Also, a separate study was recently started to examine the suitability of AMMIS for the Industrial Accounting needs of the Coast Guard Yard.

The SCCR project will make it possible to consolidate Supply Centers Curtis Bay and Baltimore into one center.

Mr. CARR. Are the cost savings included in your operating expense program reductions for fiscal year 1995? If not, when do you plan to take them?

[The information follows:]

Although there are no specific cost savings associated with adaptation of the AMMIS system as part of the SCCR project, this project's results will immediately facilitate the Coast Guard's planned consolidation of Supply Center Curtis Bay and Supply Center Baltimore. Results of the SCCR project are planned to be ready for implementation in the summer of fiscal year 1996.

MARPOL V BILLETS

Mr. CARR. The International Convention for Prevention of Pollution from ships and its 1978 protocol (MARPOL 73/78) was developed in response to many serious tanker spills in the late 1960s and 1970s. MARPOL 73/78 addresses not only oil discharges, but also discharges of noxious liquids, packaged hazardous substances, sewage, and garbage. Each of these pollutants is covered by a different annex. MARPOL V covers garbage. Recently, the Congress provided the Coast Guard with 50 additional billets to strengthen the implementation of this annex. How has the Coast Guard distributed these 50 billets? How many are distributed to field units?

[The information follows:]

The 50 billets were titled Coastal Pollution Enforcement Billets. Two billets were issued at the grade of Lieutenant Commander and assigned to the program manager at Coast Guard Headquarters. The remaining 48 billets were issued in the enlisted rates of Boswain Mate, Marine Science Technician, and Machinist Mate. The 48 field billets were distributed among 32 Marine Safety Offices and Group/Captain of the Port Offices located on the Atlantic, Pacific, and Gulf coasts, as well as the Great Lakes.

MEASURING MARPOL ENFORCEMENT

Mr. CARR. How does the Coast Guard plan to measure the results of its efforts and actions to enforce MARPOL provisions?

[The information follows:]

Measuring the impact of pollution enforcement and prevention requires establishment of a reliable baseline of marine debris from all sources, both vessels and land based sources. The Coast Guard is currently unable to measure MARPOL V trends in vessel-generated garbage pollution, because there are no reliable surveys on marine debris.

The EPA is conducting the marine debris survey pursuant to the goals of the Marine Plastic Pollution Research and Control Act. Through its MARPOL Coordinating Committee, the Coast Guard has discussed this data shortfall with the EPA. The EPA does not expect to publish their baseline report before 1995.

While waiting for the results of the marine debris survey, the Coast Guard is using surrogate measures to assess the effectiveness of MARPOL compliance programs. On January 26, 1994, the Coast Guard's Office of Marine Safety, Security and Environmental Protection published its first "Business Plan", to re-orient the management of Coast Guard marine safety and marine environmental protection programs toward five-year strategic goals which can be measured as outputs. Two of the strategic goals in marine environmental protection relate to the MARPOL I (oily waste) and MARPOL V (plastics/garbage) compliance programs:

Goal (1): Reduce by 20 percent the amount of oil and chemicals going into the water from maritime sources.

Goal (2): Reduce by 20 percent the incidence of plastics/garbage going into the water from maritime sources.

In conjunction with these goals, the sub-goals have been identified and will be monitored: increase use of MARPOL reception facilities; maintain strong enforcement; improve education and outreach programs; increase citizen pollution reports (especially garbage).

The rate of use of MARPOL reception facilities is obtained through dedicated studies of MARPOL compliance. One key indicator of the use of MARPOL V reception facilities is the data collected by the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) on the use of APHIS-approved reception facilities for contaminated food waste from ships.

Since MARPOL I and MARPOL II permit operational discharges of oil and noxious liquid substances at sea, and because most discharges involve dilutions of pollutants in vessel discharge systems, it is not possible to distinguish between the impact of proper and improper operational discharges. Thus, measuring the effectiveness of MARPOL I and MARPOL II compliance programs is limited to the use of imperfect measures (e.g. number of deficiencies detected).

Finally, the following indirect measures of the MARPOL compliance program effectiveness will be: Overall investigation case load trend at each unit/district; average penalty assessed for civil violations (a measure of the magnitude of the deterrent used); rate of non-discharge violations per vessel boarding (as an indicator of trends in vessel compliance); rate of discharge violations per vessel arrival (as an indicator of trends in vessel compliance); trend in citizen, mariner; and other non-Coast Guard pollution reports (a measure of the effectiveness of the education and outreach program); and rates of failure to perform by reception facilities per vessel arrival (to indicate trends in reception facility compliance).

MORALE, WELFARE AND RECREATION (MWR) PROGRAM

Mr. CARR. The Coast Guard's morale, welfare, and recreation (MWR) program provides a multitude of activities and facilities to Coast Guard personnel, their families and retirees. The program includes sports activities and facilities (such as golf and racquetball), arts and crafts workshops, and movie theaters. In its May 1992 report on the Coast Guard's MWR program, GAO found that between fiscal years 1988 and 1991, total funding support for the MWR program ranged from $10.8 million to $12.4 million. During those same fiscal years, appropriated funding for the MWR program averaged 49 percent of the program's total funding support while the remaining funding came from nonappropriated funds. Also, of the nonappropriated funding support, 79 percent was provided by profits from the agency's exchange system and 21 percent from user fees.

During fiscal year 1992, the Coast Guard issued new guidance prescribing when appropriated and nonappropriated funds could be used to support specific MWR activities. This guidance classified the Coast Guard's MWR activities and facilities into three broad categories, defined the level of appropriated funding support allowed for each category, and identified which MWR activities and facilities should charge user fees. Have all Coast Guard units implemented the program changes prescribed by the guidance issued in fiscal year 1992?

[The information follows:]

Yes. All Coast Guard units with MWR programs have implemented the program changes prescribed by the guidance issued in fiscal year 1992.

Mr. CARR. How have you monitored the units' MWR programs to ensure that these program changes have taken place?

[The information follows:]

Units with morale welfare & recreation (MWR) programs are required to submit annual budget proposals. These budgets identify the expenses and incomes in the categories established in the 1992 guidelines. We monitor the units' compliance with the program changes through administrative review of these budgets.

Mr. CARR. For fiscal year 1993, what was the total funding support for the Coast Guard's MWR program?

[The information follows:]

Total fiscal year 1993 funding for the Coast Guard's MWR program was approximately $13.3 million.

Mr. CARR. In fiscal year 1993, what percent of the program's total support came from appropriated funds and what is your estimate of the percentage of support from appropriated funds for fiscal year 1994?

[The information follows:]

In fiscal year 1993, approximately 40 percent of the morale, welfare & recreation (MWR) program's total support came from appropriated funds. In fiscal year 1994, 40 percent of the MWR program's total support is estimated to be sourced from appropriated funds.

Mr. CARR. Of the percentage of the MWR program's support from nonappropriated funds, what percentage of support was provided by profits from the exchange system and what percentage of support was provided by user fees?

[The information follows:]

The percentage of non-appropriated funds support to the MWR program from the Exchange System was approximately 61 percent in fiscal year 1993. User fees provided 39 percent of the non-appropriated funds support to the MWR program in fiscal year 1993.

SUPPLY CENTER CONSOLIDATION

Mr. CARR. The Coast Guard manages about $500 million of spare and repair parts for their ships and aircraft. The Office of Management and Budget (OMB) recently added Coast Guard inventory control to its high-risk list. Many are concerned that the inventory management problems that have plagued the Department of Defense over the years may also be present in the Coast Guard inventory management system. When will the consolidation of the supply centers at Curtis Bay and Baltimore begin?

[The information follows:]

The initial step in the consolidation of Supply Centers Baltimore (SCB) and Curtis Bay (SCCB) is the Supply Center Computer Replacement (SCCR) project. This project, which has already begun, needs to be completed before the actual merging of the two supply centers. We anticipate the SCCR project will be completed during the summer of 1996.

SUPPLY CENTER BALTIMORE

Mr. CARR. Why weren't any functions consolidated when Supply Center Baltimore moved from Brooklyn to within five minutes of Curtis Bay?

[The information follows:]

On 12 January 1990, the General Services Administration (GSA) notified the Coast Guard that the buildings housing Supply Center Brooklyn, now Supply Center Baltimore (SCB), were functionally obsolete and that we could expect relocation within the next two to three years. Planning for this move was a major undertaking and needed to begin immediately. One option was clearly to consolidate supply center functions.

The key business processes at both Supply Centers are intricately linked to computer software systems. At the time, the two supply centers operated incompatible and aging hardware and software systems making the consolidation of even portions of supply center functions, in the short term, virtually impossible. After considering the options, the Coast Guard determined that with all the planning necessary to move to a new facility, the risk of undertaking both a physical and information system consolidation at the same time was too great. Therefore, we elected to continue working toward resolving Business Systems incompatibility between the two Supply Centers and moving to an interim location near Supply Center Curtis Bay.

Our Supply Center Computer Replacement Project (SCCR) is well on track in the development of a common software system based on compatible business processes that will allow a consolidation of functions. The two supply centers will be physically consolidated beginning in the summer of 1996, following the completion of the SCCR project and resolution of space issues.

SPARE PARTS MANAGEMENT

Mr. CARR. About 50 percent of the items stocked by the Aircraft Repair and Supply Center are stocked by the Department of Defense. Why does the Coast Guard stock many of the same items stocked by the Department of Defense?

[The information follows:]

The Aircraft Repair and Supply Center (ARSC) is integrated into the DOD primary inventory control activity and is part of the distribution network and order clearing system. ARSC is a secondary inventory control activity for the DOD stocked items. ARSC does not initiate the purchase of these parts from the vendors, it is simply one of the many customers for these parts in the DOD distribution network. In any distribution network, some stock levels are required and are a function of forecast demand and leadtime. Consolidation of some of these stocks at ARSC reduces our risk of running out of a part and allows us to stock lower total numbers of parts system wide. We use computerized inventory models that use real time data to determine these level. Most of the DOD stocked items are low cost items or are held in the limited quantities appropriate for buffer stock. Measuring the overall percentage of the number of DOD items stocked to total AR&SC inventory overstates the impact on the Coast Guard inventory investment.

SPARE PARTS VISIBILITY

Mr. CARR. What efforts are being made to gain visibility of the Coast Guard's retail inventory of hull, mechanical, electrical, and electronic spare repair parts? How can Supply Centers Baltimore and Curtis Bay issue free material to units without having visibility of these assets? What controls are in place to prevent waste, fraud, and abuse of this free issue material?

[The information follows:]

The Coast Guard is developing a process to improve inventory visibility by providing total asset visibility from the Supply Centers down to the unit level. A new information system, the Fleet Logistics System (FLS) module to the System to Automate and Integrate Logistics (SAIL), will provide this visibility. We anticipate having FLS on line and beginning system validation by the fourth quarter of fiscal year 1998.

Supply Centers Baltimore and Curtis Bay currently maintain visibility for repairable, free issue items through an established tracking system which requires the return of a repairable component within a specific time frame. However, we presently have only limited controls on non-repairable free issue items. Accountability for free issue items shifts to the unit upon receipt, where they are controlled locally.

A Coast Guard study group is presently analyzing an initiative to eliminate free issue inventory except for such items as high cost, long lead time items. We expect to eliminate free issue for all non-repairable, low cost items during fiscal year 1995. This initiative, in conjunction with our total asset visibility efforts, should reduce the amount of stock in the pipeline, force field inventories down, and dictate a more judicious expenditure of unit funds.

There are controls in place at the unit level which require periodic (annual, semiannual, quarterly) inventory reviews and spot checks, in addition to an inventory review of an item at time of issue. A stock inventory inspection program, to be administered by the maintenance and logistics commands, is also being developed.

The inventory tracking improvements built into FLS will further improve our efforts to prevent waste, fraud and abuse.

INVENTORY CONTROL POINTS—USE OF COMPUTERS

Mr. CARR. One inventory control point has made a major time and money investment in a new maintenance management information system. Will the other two inventory control points (ICPs) procure standardized systems when they replace their current outdated computers, or will the ICPs continue to operate independent of each other with three different computer systems?

[The information follows:]

Our goal is to have all ICPs using the same software. The fleet logistics system (FLS) requirements analysis will address the ultimate feasibility of one common ICP system.

The two non-aviation ICPs are replacing their outdated computers and dissimilar software with a common system, which is tied to our initiative to consolidate those two ICPs beginning in 1996. We anticipate that the capability of the new Aviation Maintenance Management Information System (AMMIS) software will be reused at non-aviation ICPs.

INVENTORY MANAGEMENT IMPROVEMENTS

Mr. CARR. Over the past few years, the DOT Office of Inspector General has issued several reports on the need to improve the Coast Guard's management of its inventory. What effects have been made to make improvements and what dollar savings have resulted?

[The information follows:]

In response to a 1991 DOTIG audit and a 1993 Congressionally directed $3 million recurring reduction in the aircraft maintenance funding base, at the Aircraft Repair and Supply Center (ARSC), the Coast Guard implemented inventory management reforms. The result has been significant nonrecurring savings, by drawing down our excess parts inventory. Most of these savings have already occurred. In fiscal years 1992 and 1993, ARSC saved approximately $32 million and $15 million, respectively. Expected savings from deferrals will amount to about $8 million in fiscal year 1994 and $5 million in fiscal year 1995. Inventory position for each line item is compared with stock objectives. ARSC expenses (actual inventory usage) have exceeded funding levels for the last three fiscal years despite excess parts consumption. Excess parts consumption somewhat mitigated the funding shortfall, but did not eliminate it.

Several other inventory management improvement efforts are underway, but dollar savings have not yet resulted. Highlights include:

(1) The development of a process to provide total asset visibility of parts from the Supply Centers down to the unit level. The focus of the System to Automate and Integrate Logistics (SAIL) Project is to integrate maintenance and supply activities

with the emphasis on minimizing inventories through total asset visibility. We presently lack an information system necessary to give us this universal inventory visibility. This system will be provided through business process redesign and the development of a Fleet Logistics System (FLS).

(2) Implementation of a new Economic Order Quantity (EOQ) inventory model, placed in service at the Supply Center Curtis Bay in February 1994. We are now reviewing all stocking levels to eliminate unnecessary inventory.

(3) An internal Coast Guard study analyzing the elimination of free issue supply except for such items as high cost, long lead time items. We expect to eliminate free issue for all non-repairable, low cost items during fiscal year 1995. We are also conducting a separate study investigating the feasibility of transferring the management of selected consumable items to the Defense Logistics Agency (DLA). The focus of both of these studies is to reduce CG inventory management costs.

Mr. CARR. Has total quality management [TQM) training and implementation resulted in any definable savings to the Coast Guard in the specific area of inventory management?

[The information follows:]

No, we do not have any definitive savings but we can report cost avoidances as a result of TQM implementation. The primary focus in using TQM over the past several years has been to develop the functional requirements needed to re-engineer our CG logistics systems and integrate long range plans with strategic goals. TQM has allowed us to provide better supply support for the same cost.

Significant TQM activities have focused on the indexing, documenting and identifying requirements in our business processes that will facilitate the consolidation of our supply centers at Curtis Bay and Baltimore.

TQM process analysis was instrumental in minimizing costs incurred and maintaining the level of support to the field when GSA mandated the relocation of the supply center at Brooklyn to Baltimore.

Some other notable examples of TQM initiatives that have yielded intangible benefits, cost avoidance, and better efficiency include:

1. Improvement in our supply effectiveness rating from 76 percent to over 90 percent, in the last three years, through TQM process analysis, without requiring additional resources (This is a significant accomplishment because it is a measure of our ability to get the right parts to the right facility at the right time.);
2. Improvement in our ability to ensure parts were available to meet shipyard availabilities minimized costly delays and reduced lost operational days;
3. Improvement in the receiving inspection process, automated reconciliation between the supply and warehouse systems, and development of a program to extend the life of expired shelf life items, like paint, in the YARD inventory; and
4. Reduction in the time needed for parts onload for the 210÷ major maintenance availability (MMA) project from five to two days and improved accuracy of the onload to 100 percent.

CONTAINER INSPECTIONS

Mr. CARR. According to Coast Guard estimates, 14 million containers pass through our ports each year and, of those, 2.1 million carry hazardous materials. The Coast Guard has the responsibility to ensure that these materials are being transported in accordance with DOT regulations. Recent strike team inspections, however, have shown the noncompliance rate to be around 50 percent.

In fiscal year 1994, the Congress provided the Coast Guard with funding for 76 additional personnel to be dedicated to container inspections. What is the status of the Coast Guard's inspection program, and how are the additional inspectors being used?

[The information follows:]

The Coast Guard received half-year fiscal year 1994 funding to establish this new program. Plans are currently underway to implement the program beginning in April 1994.

51 billets have been assigned to marine safety offices in 27 coastal ports to support field operations. Assignments were based on the volume of intermodal container traffic passing through U.S. ports. The billets will be filled during the summer 1994 transfer season.

10 billets will be used to establish a container inspection training and assistance team (CITAT). The CITAT will serve as an inspection strike team for high volume ports and also promote national standardization of container inspection operations, develop intermodal container expertise, and provide exportable training to field units. The CITAT will be based at DOT's Transportation Safety Institute in Oklahoma City, OK.

The remaining 15 billets will be used for program training, legal support and program coordination.

Container inspection program policy guidance has been finalized and will be distributed to the field in April 1994. Planning for program logistics support, materials, and supplies is ongoing.

Mr. CARR. How is the Coast Guard ensuring that these additional inspectors are targeted to the most pressing needs?

[The information follows:]

The Coast Guard is developing an enforcement strategy which will target "high-risk" shipments for inspection. By focusing on shipments that represent the greatest risk, such as containers offered for transportation by shippers with a past record of violations, the Coast Guard will be better able to maximize the safety benefit and ensure the optimum use of inspection resources. The Coast Guard's new 10 member container inspection training and assistance team, based in Oklahoma City, OK, will augment field units in targeting and inspecting these potential high-risk shipments.

The Coast Guard assigned 51 inspector billets to 27 coastal ports based on the volume of container traffic passing through U.S. ports. The combination of targeting "high-risk" shipments and the heaviest container traffic ports will ensure that inspection resources focus on the most pressing needs.

Mr. CARR. How many containers does the Coast Guard believe it can now inspect annually?

[The information follows:]

Once the new container inspection program is fully implemented, the Coast Guard estimates that under the authority of the Hazardous Materials Transportation Act (49 U.S.C. 1801), inspectors will check 10,000 to 20,000 containers, each year.

Mr. CARR. How many incidents of hazardous material container spills have occurred in the last few years and what has been the monetary cost and environmental or public safety impact resulting from them?

[The information follows:]

Historically, the Coast Guard has not tracked or maintained data specifically on "container spills". Accordingly, neither the Coast Guard's Marine Safety Information System (MSIS) database nor the National Response Center database are presently configured to provide this information. We are, therefore, unable to specify the number of hazardous material (hazmat) spills which occurred from intermodal containers over the past few years.

However, as part of the implementation plans for our new national container inspection program, we are evaluating methods to capture all Coast Guard "container" related activities such as hazmat inspections, enforcement/violations actions, and incident reports and response, including spills. We will also evaluate hazardous materials incident data maintained by DOT's Research and Special Programs Administration to assess the potential economies of joint information sharing procedures. We envision that such intermodal hazardous materials information sharing/procedures will be an integral part of our container inspection training and assistance team (CITAT) to be established and colocated at DOT's Transportation Safety Institute, Oklahoma City, OK in the summer of 1994.

Mr. CARR. What percentage of violations found by the Coast Guard have been assessed penalties? How much has been collected in total and what is the average penalty collected per violation?

[The information follows:]

This answer addresses violations found during the Coast Guard's inspection of packaged hazardous materials. Initial fiscal year 1993 data indicates that approximately 50 percent of violations found by the Coast Guard have been assessed penalties. A detailed summary of Coast Guard civil penalty data will be provided in the Department of Transportation's (DOT's) 1993 Annual Report to Congress on Hazardous Materials Transportation.

Data provided for the 1991 and 1992 Annual Reports show that the Coast Guard collected civil penalties of $288,000 and $270,000, respectively, for fiscal year 1991 and fiscal year 1992. The average civil penalty in 1991 was $2,100. The average civil penalty for fiscal year 1992 was $4,093. The increase in average civil penalty per violation reflects a 1991 amendment to the Hazardous Materials Regulations (HMR) which increased the maximum civil penalty per violation from $10,000 to $25,000, and revised Coast Guard policy requiring increased civil penalties for violations of HMR.

Mr. CARR. How does the Coast Guard coordinate its container inspection efforts with those of the Customs Service who, on occasion, also open hazardous material containers?

[The information follows:]

In 1988, the Coast Guard and Customs signed a Memorandum of Understanding (MOU) concerning the inspection of containerized hazardous materials at waterfront areas. The MOU addresses issues such as jurisdiction, mutual exchange of information, and cross training.

The assignment of dedicated container inspection billets, beginning this year, will strengthen the Coast Guard's ability to work closely with Customs on container inspections and related matters. New container inspection policy guidance, to be distributed to Coast Guard field commands in April 1994, calls for increased coordination with Customs on containerized hazardous materials inspections.

AREA COMMANDS

Mr. CARR. Last year, there was a dramatic rise in public activism and concern over how the government is managed. This led to the Vice President's "reinventing government" initiative and other efforts to reform management of the Federal enterprise. Are any efforts under way or planned to assess whether the Coast Guard's area commands are still needed? Can their functions be provided by headquarters?

[The information follows:]

The Coast Guard has chartered a study to identify alternatives to improve efficiency and service to customers, consistent with the National Performance Review and governmental streamlining initiatives. This comprehensive review will focus on the command, control and support infrastructure and will include an assessment of the mission, functions and reporting relationships of the major components, including the Area Commands. The study team is scheduled to begin its work in June 1994.

MAINTENANCE & LOGISTICS COMMAND (MLC)

Mr. CARR. Are there benefits to having the two maintenance and logistics command under the direct control of the districts so that they can manage the support given to their field units?

[The information follows:]

The Coast Guard sees no benefits in placing either Maintenance and Logistics Command (MLC) under the direct control of the districts. By having an MLC in the Atlantic and Pacific areas, Area Commanders are better able to allocate scarce support resources among the most pressing operational needs of the districts under their control. This provides economic balance among and managerial oversight of the districts.

In looking at the mid 1990's and beyond, the Coast Guard has chartered a study to identify alternatives for improving the efficiency of service to its customers, consistent with the National Performance Review and governmental streamlining initiatives. This comprehensive review will focus on the Coast Guard's command, control and support infrastructure and will include an assessment of the mission, functions and reporting relationships of the major components, including the Maintenance and Logistics Commands. The study team is scheduled to begin its work in June 1994.

DISTRICT AND GROUP OFFICES

Mr. CARR. Does the Coast Guard plan to evaluate the need for all district offices or group offices?

[The information follows:]

Yes, the Coast Guard has chartered a study to identify alternatives to improve efficiency and service to customers, consistent with the National Performance Review and governmental streamlining initiatives. This comprehensive review will focus on the command, control and support infrastructure and will include an assessment about the mission, functions and reporting relationships of the major components, including district offices. The study team, scheduled to begin its work in June 1994, will coordinate their efforts with a separate study of Group offices.

ABANDONED BARGES

Mr. CARR. In several areas of the country, abandoned barges have been used to illegally dispose of oil and hazardous materials, sometimes resulting in repeated spills and cleanups. In 1992, the Congress enacted the Abandoned Barge Act, which provided the Coast Guard the authority to prevent owners from abandoning vessels in the Nation's waterways and required owners to register barges not previously registered.

Also, in a July 1992 report, GAO recommended that the Coast Guard work with the Army Corps of Engineers to develop an accurate inventory of abandoned vessels and their locations in order to better address resulting problems. How has the Coast Guard implemented its new authority over abandoned barges?

[The information follows:]

The barge numbering provision in the Act will require regulations to implement. In March 1993, we met with the National Association of State Boating Law Administrators (NASBLA) Subcommittee on Numbering and Titling to gather state input. We have also contacted the commercial barge industry through the Towing Safety Advisory Council (TSAC) to gather industry input. We plan to include the preliminary state and industry input in a request for public comment to be published by October 1994. Based on comments received from all parties, we will develop and propose alternatives for administering the barge numbering program and then set a schedule for implementing the selected alternative.

In September 1993, the Coast Guard met with the Corps of Engineers to resolve abandoned vessel inventory discrepancies. Abandoned vessel data provided by the Corps of Engineers is being used as a starting point to update and standardize inventories, which will be maintained at each Coast Guard Marine Safety Office (MSO) and district office. When our inventory is complete in November 1994, we will finalize efforts with the Corps of Engineers to determine responsibility for maintenance of a national data base.

The Coast Guard expects to issue a comprehensive internal management instruction on abandoned vessels by October 1994. This instruction will include previously promulgated guidance on maintaining inventories and provide additional policy and guidance to districts and field units on actions to locate, inspect and, when necessary, remove abandoned vessels. The policy will also include guidance on implementing the civil penalty and removal provisions of the Abandoned Barge Act.

Mr. CARR. What guidance has been provided to field units with respect to using the new authority?

[The information follows:]

The Coast Guard is developing a comprehensive internal management instruction on abandoned vessels. We expect to issue this instruction during the first quarter of fiscal year 1995. It will provide policy and guidance to districts and field units on actions to locate, inspect, inventory, and, where necessary, remove abandoned vessels. The instruction will include guidance on implementing the civil penalty and removal provisions of the Abandoned Barge Act.

In the interim, field units will continue to cleanup and, when necessary remove, abandoned vessels, which pose a pollution threat. This is accomplished under the existing statutory authority of the Clean Water Act or the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). These acts provide authority to ensure effective and immediate removal of a discharge, and mitigation or prevention of substantial threat of a discharge of oil or hazardous substance. They also include authority to remove, and if necessary, destroy a vessel discharging, or threatening to discharge oil or hazardous substance.

ABANDONED BARGE REMOVAL

Mr. CARR. Has the Coast Guard been able to use this authority to remove barges where repeated spills have occurred? If so, has the Coast Guard recovered any of its removal costs?

[The information follows:]

The Coast Guard has not used the authority provided in the Abandoned Barge Act to remove barges where repeated spills have occurred. Where a vessel has spilled or poses a substantial threat to spill, the Clean Water Act and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) provide the authority to remove the vessel and a funding mechanism to pay for it. These Acts provide authority to ensure effective and immediate removal of a discharge, and mitigation or prevention of substantial threat of a discharge of oil or hazardous substance including authority to remove, and if necessary, destroy a vessel discharging, or threatening to discharge oil or hazardous substance. The Oil Spill Liability Trust Fund or the CERCLA Superfund, provides funding to pay for cleanup and, when necessary, removal of vessels which are spilling or threatening to spill. The Abandoned Barge Act does not provide a funding mechanism for recovery of removal costs, other than recovering the scrap value of the barge. As such, we intend to continue to use authority provided in the Clean Water Act and CERCLA to remove abandoned vessels, which have caused, or pose a substantial threat to cause, oil or hazardous substance spills.

Mr. CARR. In how many instances have barge owners contacted the Coast Guard to inform it of barges to be left unattended in other than authorized areas for an extended time? In how many instances has the Coast Guard contacted barge owners using its new authority to investigate barges left for extended periods in unauthorized areas?

[The information follows:]

Since the enactment of the Abandoned Barge Act in November 1992, the Coast Guard has not received any reports from barge owners that a barge would be left unattended in an unauthorized area for an extended time.

A national inventory of barges is scheduled to be completed in October 1994. Following the completion of the inventory, we will begin contacting owners of barges suspected to be abandoned, citing the provisions of the Act to compel the owner or operator to remove the barge. This summer, field units will begin to identify, investigate and document the location and condition of suspected abandoned barges. This will lay the foundation for notifying abandoned barge owners or operators that if the barge is not removed it will be removed at the owners' or operators' expense, and of the civil penalties which may be assessed.

Under authority provided by the Clean Water Act and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Coast Guard responds immediately to cleanup and, if necessary, remove abandoned vessels posing a substantial pollution threat. Abandoned vessels posing a hazard to navigation are referred to the Army Corps of Engineers (ACOE) for removal under statutory authority provided the ACOE by the Rivers and Harbors Act of 1899.

NATIONAL BARGE INVENTORY

Mr. CARR. Has the Coast Guard met with the Corps of Engineers to plan how to develop a national barge inventory? Which agency is maintaining the inventory and bearing the costs of maintaining it?

[The information follows:]

In September 1993, the Coast Guard met with the Corps of Engineers to resolve abandoned vessel inventory discrepancies. Abandoned vessel data provided by the Corps of Engineers is being used as a starting point to update and standardize inventories which will be maintained at each Coast Guard Marine Safety Office (MSO) and District Office.

After reviewing and updating the abandoned vessel inventory, districts will consolidate data from each MSO and send it to Coast Guard Headquarters for evaluation.

This fiscal year, each district will conduct additional field investigations and surveys. This effort will focus primarily on locating and identifying abandoned barges over 100 gross tons.

A Coast Guard internal management instruction on abandoned vessels will be published in October 1994. It will provide field guidance on how to use enforcement action provided by the Abandoned Barge Act.

When our inventory is complete (November 1994), discussions will be continued with the Corps of Engineers to determine responsibility for maintenance of a national data base.

YERBA BUENA ISLAND, CA, FACILITIES

Mr. CARR. When the Navy's facilities in Treasure Island, California, are closed in 1997, the Coast Guard's neighboring facilities in Yerba Buena Island will have much of its utility support cut off. I understand the Coast Guard was studying whether to move to Alameda Naval Air Station or stay in Yerba Buena and build your own utilities. Have you reached a decision in this case, and if so, what are the schedules and costs for making that transition?

[The information follows:]

The Coast Guard has studied Department of Defense base realignment and closure impacts in the San Francisco Bay Area. On 18 March 1994, the Chief of Staff approved the recommendation to remain on Yerba Buena Island and maintain Coast Guard operations there, provided a no cost transfer of the Navy property currently used for Coast Guard operations can be obtained. The request for property transfer indicates that the Coast Guard's right to access, use, and provide utilities to its properties shall be protected in any eventual transfer of the surrounding Navy property. If these conditions cannot be met, the Coast Guard will reevaluate the situation.

MARE ISLAND, CA, FACILITIES

Mr. CARR. I believe you have a similar problem regarding Coast Guard Station Mare Island, just a few miles away from Treasure Island. What are the plans for this facility?

[The information follows:]

The Coast Guard has studied Department of Defense base realignment and closure impacts in the San Francisco Bay Area. On 18 March 1994, the Chief of Staff approved the recommendation to remain on Mare Island and maintain Coast Guard operations there, provided a no cost transfer of the Navy property currently used for Coast Guard operations could be obtained. The request for property transfer indicates that the Coast Guard's right to access, use, and provide utilities to its properties shall be protected in any eventual transfer of the surrounding Navy property. If these conditions cannot be met, the Coast Guard will reevaluate the situation.

IMPACT OF DOD BASE CLOSURES

Mr. CARR. What other Coast Guard facilities are affected by the current list of DOD base closings, and what process does the Coast Guard have in place to evaluate these problems?

[The information follows:]

Coast Guard Air Station (CGAS) Barbers Point, HI, a tenant at Naval Air Station (NAS) Barbers Point, will be directly affected by the closure of the NAS. On 13 August 1993, the Commandant approved the planning decision to move CGAS Barbers Point to Marine Corps Air Station (MCAS) Kaneohe Bay. Coast Guard Commander, Pacific Area, notified Navy Commander in Chief, Pacific Fleet of the Coast Guard's preference to move to MCAS Kaneohe Bay.

CGAS Chicago, a tenant at NAS Glenview, will be directly affected by the closure of the NAS. On 19 August 1993, the Coast Guard notified the Commander, 86th Army Reserve Command of our interest to remain a tenant of this property. The Coast Guard has established communications with the Glenview Base Reuse Committee. The Coast Guard will continue to study this situation and potential alternative sites for CGAS Chicago.

Coast Guard housing in the San Francisco Bay Area will also be directly affected by DoD closures in the area. The Coast Guard currently occupies 543 housing units on DoD facilities targeted for closure. The Coast Guard plans to complete a housing requirements assessment for the area and request acquisition of units at no cost from stock DoD is excessing.

Coast Guard Cutter ESCAPE is homeported at Naval Base Charleston, a DoD facility targeted for closure. The Coast Guard plans to decommission the ESCAPE in fiscal year 1995.

The Coast Guard has also identified many indirect effects on our facilities such as the loss of military support services, health care services, and exchange and commissary availability.

The Coast Guard has been aggressive in identifying both negative effects and opportunities with regard to base closures. The Director of Resources has chartered a Base Realignment and Closure (BRAC) Headquarters Policy and Coordination Group to assess and plan for DoD facility closures as they effect the Coast Guard and to explore any potential opportunities.

STATEN ISLAND, NY, NAVAL BASE

Mr. CARR. The Coast Guard was exploring the possibility of relocating some of its activities in New York to the soon to be vacated Navy home port at Staten Island. Please provide a detailed discussion of why the Coast Guard decided not to pursue such a relocation.

[The information follows:]

The Coast Guard conducted a quantitative analysis of three scenarios: (1) status quo—remaining on Governors Island; (2) moving operations from Governors Island to Staten Island Naval Base; and (3) moving commands out of the New York area which do not require physical location there. The Coast Guard also examined variations of Scenario 3 which would allow the commands that must stay in New York to continue to operate out of existing Coast Guard facilities on Governors Island. Our analysis showed that moving to the Staten Island Naval facilities would provide no long-term economic advantage, and it identified a one-time up-front cost of $70 million.

We determined that moving to Staten Island was not advantageous for Coast Guard operations or personnel. An analysis of the facilities showed the industrial space available, specifically buoy and boat maintenance facilities, was inadequate for Coast Guard maintenance need (sandblasting and painting). Modifications would have to be made to piers, and adequate small boat facilities would have to be built. Furthermore, Staten Island housing facilities could accommodate only half of our personnel. All others would have to be located elsewhere with high lease costs and commuting disadvantages.

COAST GUARD HOUSING STUDY

Mr. CARR. Please provide a copy of the recommendations of the September 1992 Logistics Management Institute study of the Coast Guard housing program, and the Coast Guard's response to each recommendation, as transmitted to the Congress on January 4, 1994.

[The information follows:]

A copy of the recommendations and responses to the Secretary's transmittal letter to the Congress follows.

To further clarify Coast Guard comments regarding recommendation (16): The Coast Guard has not yet sought any VHA rate changes. We have requested the per diem, travel, and transportation allowance committee (PDTATAC) to study housing costs in several coastal locations to determine whether separate VHA rates are warranted. PDTATAC has partially conducted its study of costs associated with coastal areas, though no conclusions have yet been reached.

DEPARTMENT OF TRANSPORTATION UNITED STATES OF AMERICA

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

January 4, 1994

The Honorable Gerry E. Studds
Chairman, Committee on Merchant Marine
and Fisheries
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Coast Guard Authorization Act of 1991 requires the Secretary of Transportation to submit a report on Coast Guard housing to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Merchant Marine and Fisheries of the House of Representatives. The report examines the current housing problems of the Coast Guard, long-term housing needs, and estimates of projected housing costs required to relieve the current problems. The enclosed report entitled "Coast Guard Housing" is submitted to satisfy this requirement.

This study was conducted by Logistics Management Institute (LMI) under contract to the Coast Guard. The LMI approach included examination of seven Coast Guard housing sites chosen as representative of housing sites throughout the country. The data gathered was extrapolated to produce estimates of housing requirements and costs pertaining to the entire Coast Guard inventory. Additionally, interviews were conducted with personnel from all levels of the Coast Guard's housing program, including management, maintenance, and acquisition staffs. A total of 19 recommendations were made. A review of these recommendations is enclosed. Some of the recommendations are already being implemented.

There are some areas of divergence between the LMI conclusions and the Coast Guard's view. The report states that leased housing is, on average, of higher quality than owned housing. The Coast Guard maintains that this is true only because its inventory contains many older units in need of maintenance. However, the quality of the housing the Coast Guard now builds, while modest, is higher than the quality of the average leased unit, which is frequently in a high density apartment complex.

Also, in constructing a cost comparison with regard to the merits of building versus leasing, the value of owned housing is depreciated to zero over a span of 25 years. While this is a standard method used in economic analysis, the fact remains that the owned housing units do retain some value after this period of time.

Additionally, the Coast Guard does not believe that leasing housing units from Department of Defense (DoD) activities undergoing base down-sizing or closure is a viable approach in meeting the Coast Guard's long term housing needs. While the Coast Guard routinely evaluates base closure housing, thus far all properties have been offered for sale only, and at fair market value, as determined by the previous Administration's Secretary of Defense. Housing has been purchased at several sites under these conditions. No DoD installations have expressed a desire to offer a lease option beyond the 1 or 2 years needed to evaluate properties for purchase.

Another area of disagreement between LMI and the Coast Guard is in the Shore Facilities Requirements List (SFRL) extrapolation methodology represented in Table 5-3 and Appendix D of the report. This data gives the impression that all projects listed are approved and await funding. Actually, most of the projects from FY 94 and beyond are proposals that are in various stages of the review process. Many of these projects will not likely survive the internal Coast Guard review and approval process for a variety of reasons. Thus, the dollar figures listed are of limited value in accurately projecting funding requirements for new housing construction. This inflated data is also used to construct the cost estimates for the "Ten Year Strategic Housing Plan" in Table 5-5 of the report.

Aside from these points, my overall view is that the report is a fair depiction of the Coast Guard's housing situation. Most importantly, the report validates the cost effectiveness of the Coast Guard's basic housing strategy of first housing its personnel in private housing in communities surrounding its stations by means of housing allowances, then resorting to leased housing where allowances are insufficient, and finally, constructing housing only where needs cannot be met by the first two means. I wish to emphasize that, while construction is the last resort, it is and will continue to be required in some areas. The Coast Guard has taken steps to thoroughly validate all future construction proposals through the use of housing market studies which assess the capability of the local economy to support Coast Guard members.

This report will be a valuable asset in aiding members of Congress to better understand the Coast Guard's housing needs. The Commandant of the Coast Guard has made "quality of life" one of his top priorities. I trust that the end result of this study will be to help advance his goal of improving the quality of housing provided to Coast Guard personnel through the most efficient use of the available resources.

An identical letter has been sent to the Chairman of the Committee on Commerce, Science, and Transportation of the Senate.

Sincerely,

Federico Peña

2 Enclosures

LMI/Coast Guard Housing Study
Summary of Recommendations

RECOMMENDATION (1): Formalize a consistent Area Housing Authority (AHA) level housing management office consisting of dedicated billets for management of the owned housing program and the leased housing program, whose primary responsibilities are to oversee the housing programs and provide assistance to the Local Housing Authorities (LHA) in their district. We recognize that such an organization is already in place at some of the districts, but we feel it should be formalized across all districts, headquarters units, and support centers. The billet dedicated to the leased housing program should be reserved for those housing areas with highly active (over 50 leases) leased housing programs. There are currently 10 districts, 5 headquarters units, and 1 support center that would be included in this category. The total cost for instituting this program is estimated at $500,000.

COAST GUARD COMMENT: This organizational structure is essentially in place at all districts, plus seven other major commands. The existing staffing standard is adequate for housing management, however a number of offices do not have billets assigned in accordance with the staffing standard. Adjustments to staffing levels will be pursued over the next several years.

RECOMMENDATION (2): Develop and distribute specific guidance for the leased housing program with regard to budgetary controls, lease initiation and negotiation, and total program administration.

COAST GUARD COMMENT: Concur that leased housing program guidance requires improvement, including validation procedures and greater detail. These improvements are now being implemented.

RECOMMENDATION (3): Issue policy that clearly assigns responsibility and authority for all aspects of housing management within the local, district, or headquarters housing management organization and develop performance standards by which personnel at these levels will be evaluated.

COAST GUARD COMMENT: Concur. This recommendation will be implemented with the publication of a completely revised Housing Manual in FY 94.

RECOMMENDATION (4): Develop a comprehensive training program for all personnel involved in housing management at the local, district, and headquarters levels. The training should consist of, at a minimum, housing occupancy and assignment management, leased housing administration, contracts negotiation, market trends analysis, occupancy inspections, and housing referral.

COAST GUARD COMMENT: Concur. Standardized training for local and area housing officers is currently under development.

RECOMMENDATION (5): Enhance the use of automation tools by further developing and distributing the Housing Data Management System (HDMS) and continue an aggressive schedule for training and implementation of HDMS at all local housing offices. The Housing Programs Branch should consider adding other functional components to the system to enhance the services provided at the local housing offices (similar to those provided in the Army or Navy systems) and further expand the use of the biennial Housing and Family Programs Survey to include sorting the data at the AHA or LHA level.

COAST GUARD COMMENT: Concur. Housing Data Management System implementation has been completed Coast Guard-wide. All Local Housing Authorities received equipment and training in FY 93.

RECOMMENDATION (6): Develop a Coast Guard-wide housing referral program that provides housing related information to recently transferred personnel.

COAST GUARD COMMENT: Concur. A new relocation network was implemented in FY 93. Dedicated billets were established at each district and major headquarters unit. These warrant officers are responsible for ensuring that a wide range of relocation services are available to transferring personnel.

RECOMMENDATION (7): Commission a single national study or a series of regional studies to calculate base line rental costs for Coast Guard stations where VHA is determined to be inadequate.

COAST GUARD COMMENT: Concur. At present, data on housing rental costs is available to the Housing Programs Branch for selected areas only. We will expand the availability in FY 94 to include essentially all housing areas.

RECOMMENDATION (8): Pursue increases in Coast Guard major maintenance and repair funds (Allotment Fund Code 43) and expand the maintenance backlog to accurately reflect the material condition of Coast Guard owned housing.

COAST GUARD COMMENT: Concur. A recently concluded internal study of housing management and maintenance has endorsed the development of standard maintenance plans for owned housing. These plans would provide the basis for identifying maintenance backlogs from which accurate funding requirements can be derived. Funding is being sought through the normal budget process.

RECOMMENDATION (9): Increase its support for the self-help maintenance program. Success stories and improved guidance in establishing and administering a self-help program need to be published.

COAST GUARD COMMENT: Concur with the recommendation to promote the utilization of self-help through the publication of noteworthy projects; however, this program cannot be relied upon to significantly address overall housing maintenance needs. The scope of work achievable and degree of effectiveness are subject to local command need and initiative.

RECOMMENDATION (10): Develop and initiate a maintenance planning policy that identifies the methodology and minimum content for maintenance plans for each Coast Guard station with owned housing units.

COAST GUARD COMMENT: Concur. The level of long-range maintenance planning varies considerably throughout the Coast Guard. Funding is being sought to support the development of site-specific maintenance plans for all owned housing.

RECOMMENDATION (11): Determine the feasibility of establishing large regional maintenance contracts. These contracts, available for more than a single station, could assist many of the smaller stations in obtaining services at competitive prices without encountering the burden of separate contracts for each location. Managed by the Support Centers or Civil Engineering Units, these contracts would require local Contracting Officer's Technical Representatives, but training for that function should be fairly simple in comparison to fundamental contracts training.

COAST GUARD COMMENT: Concur. A detailed evaluation of this recommendation by Coast Guard engineering personnel will be undertaken after the development of standard maintenance plans.

RECOMMENDATION (12): Establish a program to train all housing personnel to recognize the telltale signs of facility deterioration and other problems and to initiate corrective action early. The Navy operates such a program at its Jacksonville, FL, site that might be able to accommodate Coast Guard personnel.

COAST GUARD COMMENT: Concur. A "Maintenance Assessment Guide" is currently under development to assist local housing personnel in this area of maintenance planning.

RECOMMENDATION (13): Reinforce its guidance that all AFC 43 maintenance and repair projects shall follow standards and criteria including the Navy guide specifications in preparing project execution documents.

COAST GUARD COMMENT: Concur. The Coast Guard recognizes the need to develop housing maintenance standards based on existing DoD standards. This project will be ongoing through FY 95.

RECOMMENDATION (14): Consider using Facilities Design & Construction Centers (FD&CC) rather than Civil Engineering Units (CEU's) in AFC 43 project development and management. Concentrating project design and construction expertise under a single organization would be more effective than attempting to spread it among the various CEUs. The counter argument that the CEU's are closer to the stations and have some knowledge of the facilities is a valid consideration, but may not outweigh the efficiency and effectiveness of concentrating facilities design and construction in fewer, more capable commands.

COAST GUARD COMMENT: We do not concur with this recommendation. Using FD&CC's is not viable because corporate knowledge and site familiarity resides at the CEU level.

RECOMMENDATION (15): Ensure that major maintenance and repair projects contained in the backlog are reviewed and certified as to scope, cost, and need prior to programming and budget decisions.

COAST GUARD COMMENT: Concur. Major maintenance and repair projects will be reviewed on a biennial basis by the CEU's to revalidate scope, cost, and need.

RECOMMENDATION (16): Propose to Congress that the current method of developing BAQ and VHA rates should be re-evaluated with specific emphasis on those areas where Coast Guard stations are inappropriately grouped with DoD installations and separate Military Housing Areas (MHAs) would be more appropriate.

COAST GUARD COMMENT: Concur. This issue is being addressed in cooperation with the Director of Compensation within the Office of the Assistant Secretary of Defense (Force Management and & Personnel). The Coast Guard is seeking to establish separate MHAs in high cost locations where average housing costs are significantly greater than those in the broader boundaries of the MHA on which variable housing allowance rates are based.

RECOMMENDATION (17): Limit housing construction to those areas in which sufficient adequate housing units are not available now and are unlikely to be available in the future. Before proposing a construction project, the Coast Guard should perform a review to determine whether other alternatives are feasible. Additionally, the Coast Guard should institute a consistent and rigorous methodology for evaluating housing acquisition proposals to ensure that cost-effective and economically sound decisions are made. If at all possible, the Coast Guard should commission independent housing market studies to confirm any local assertions that housing is not available and should exclude from further consideration proposals not meeting that criterion.

COAST GUARD COMMENT: Concur. Construction remains the last housing option after, (1) providing allowances, and (2) leased housing. Planning proposals for housing construction are thoroughly reviewed. A rigorous, standard methodology is being developed to ensure greater consistency. Market studies are now conducted as an integral part of planning proposal development.

RECOMMENDATION (18): Continue improving the leased housing program for personnel whose BAQ and VHA allowances remain inadequate. The leased housing program has proven to be effective. However, with recent changes to the program and increased interest in quality of life issues, the leased housing program is growing rapidly and with potential budgetary control problems. An effective leased housing program should act as a "spring" to absorb the differences between housing allowances and the cost of adequate housing for a limited number of families, for specific locations, and during times of exceptionally strong housing markets.

COAST GUARD COMMENT: Concur. Controls cited in recommendation number 2 will assist us in assuring that problems are addressed correctly.

RECOMMENDATION (19): Where applicable, the Coast Guard should consider leasing housing units from DoD activities that are undergoing realignments, down-sizing, or closure before it takes any other housing approach.

COAST GUARD COMMENT: Non-concurrence with respect to leasing housing associated with DoD base closure and realignment. DoD units slated for down-sizing or closure generally desire to transfer housing ownership completely in order to terminate their maintenance support responsibility. The Coast Guard actively evaluates such excess DoD housing for possible acquisition.

LEASED HOUSING NEGOTIATIONS PROGRAM

Mr. CARR. This study estimated that Coast Guard costs for the leased housing program are approximately $9,200 per leased unit (including overhead). This compares to $10,450 per unit cost for Coast Guard owned housing units, and an average of $7,700 per unit for housing allowances. Doesn't this indicate the Coast Guard should cut back its leased housing program and seek higher housing allowances instead?

[The information follows:]

The Coast Guard would cut back its leased housing program if housing allowances were sufficient to provide adequate housing. We have been pursuing higher housing allowances for years, but this has not yet been granted by the Department of Defense per diem, travel and transportation allowance committee. Since CG units are frequently located in costly coastal communities, we have asked the committee to treat these communities as separate Military Housing Areas (MHAs) when determining Variable Housing Allowance rates. Absent higher allowances, the leased housing program is a reasonable way to provide suitable housing for Coast Guard members, especially in high cost areas.

HOUSING ALLOWANCES

Mr. CARR. The report notes that inadequacies in basic allowance for quarters (BAQ) and VHA are not uniformly distributed over all ranks and locations. Therefore, resolving the problems would not require a uniform raise for all locations and ranks. Which locations and ranks should be targeted for improvement in VHA/BAQ allowances?

[The information follows:]

Rather than delineating special compensation for individual units, Uniformed Service personnel receiving inadequate housing related compensation would be most helped by (1) reestablishing and maintaining Basic Allowance for Quarters (BAQ) at 65 percent of national median housing cost (NMHC), and (2) permitting the annual variable housing allowance (VHA) changes to reflect the actual change in housing expenses by removing the statutory funding cap placed on the program year to year. BAQ does not vary be location but does vary by pay grade and dependency status. Inadequacies in BAQ, as a component of housing allowances paid to uniformed personnel, result from BAQ falling below a value equal to 65 percent of the NMHC is calculated each year, on a pay grade and dependency basis, from housing data collected in the annual VHA survey. When the VHA legislation was recast in the 1980's, one premise of the restructured housing allowance program of BAQ and VHA was that BAQ would equal 65 percent of NMHC. The pay raise mechanism applies a single cost-of-living factor to base pay, BAQ, and the basic allowance for subsistence (BAS). When the pay raise factor is not equal to the housing cost growth, BAQ changes at a different rate than housing costs. The amount by which BAQ differs from 65 percent of NMHC varies by pay grade and dependency status. If specific BAQ rates fall below 65 percent of NMHC, affected personnel must absorb more of their housing costs than the housing allowance program intended. The means to correct this is to maintain BAQ at amounts equal to 65 percent of NMHC from year to year. The pay grades affected would vary from year to year and cannot be predetermined.

VHA varies by pay grade, dependency status, and location. Inadequacies result if the funding of VHA (set by formula in 37 USC 403a) falls below the amount needed to pay the difference between local median housing costs (LHMC) and 80 percent of NMHC. Uniformed personnel must then absorb more of their housing costs than the housing allowance program intended.

VHA data is collected by the uniformed services and rates are adjusted accordingly. The per diem, travel, transportation, and allowance committee is investigating new methods of data collection which should improve the accuracy of local housing costs.

LEASED HOUSING NEGOTIATIONS TRAINING

Mr. CARR. The study commented that housing personnel typically do not understand local housing markets well and they often have little means for obtaining representative data on local rental rates. This results in a process where average housing costs in an area are subjectively determined by local Coast Guard personnel. Given the ineffective training given these personnel, one has to wonder about their ability to make high-quality subjective decisions. What is being done to improve the training and quality of data on which your leased housing decisions are made?

[The information follows:]

As a result of the study, a pilot course was designed and implemented in fiscal year 1994 called "Leased Housing Negotiations Training". Most of the personnel involved at the grass roots level of the leased housing program have attended. The curriculum includes material on negotiating the most cost effective leases, as well as additional basic program training.

A key feature of the training is a section on adequacy standards, where attendees are instructed on the quality of housing units targetted by the leased housing program. Instruction includes consideration of quality of schools, safety of neighborhoods (based on police department crime statistics), and proximity to duty stations.

Additional instruction is given in how to effectively canvas real estate markets to arrive at an accurate cost for two, three, and four-bedroom units that meet Coast Guard standards of adequacy. These costs are submitted and reviewed by area housing officers (AHO) who hold contracting authority over the local housing officers. Every lease submitted is reviewed by the AHO to ensure that the units obtained meet program criteria.

Mr. CARR. Since your decision to acquire new housing units is based in part on your assessment of the leased housing market, don't these management problems raise questions about the adequacy of your process for determining the need for new Coast Guard owned housing?

[The information follows:]

No, leased housing management is separate from the housing planning process. It has been a longstanding practice to use market studies to help determine the need for owned housing construction, and since May 1992, the Coast Guard has required local housing market studies for all acquisition proposals regardless of size. These analyses use a standard scope of services for contracting the studies to ensure uniformity in the development of complete and comparable data when evaluating housing alternatives.

HOUSING ALLOWANCES

Mr. CARR. Do raises in the housing allowances require specific authorization by the Congress?

[The information follows:]

Three allowances directly associated with housing are: (1) Basic allowance for quarters (BAQ), (2) variable housing allowance (VHA), and (3) overseas housing (station) allowance (OHA).

Recently, BAQ rates have been increased simultaneously and in proportion with basic pay increases. BAQ rates are set by statute, threrefore, specific authorization is required by Congress to increase BAQ rates.

VHA is based upon annual housing surveys of members of the uniform services. It is adjusted when there is a basic pay increase. Specific authority to adjust VHA rates is provided by statute, therefore, annual authority from Congress is not required.

OHA is adjusted, as required, by changes in overseas housing costs and currency fluctuation. Specific authority to adjust OHA rates is provided by statute, therefore annual authorization by Congress is not required.

HOUSING STUDY—COST DATA

Mr. CARR. This study found that the Coast Guard does not have historical cost data on Coast Guard owned housing units. Is this situation being changed?

[The information follows:]

Yes. In fiscal year 1992, the housing program staff completed a comprehensive study of housing costs and funding. Using the Departmental Accounting and Financial Information System (DAFIS) and the Coast Guard Finance Center, we created servicewide cost identification and data collection for our family housing and unaccompanied personnel housing. Using family housing cost codes, we are able to track 100 percent of reported costs for operation and routine maintenance with one cost code, while allowing identification of individual housing sites with other codes in the accounting string. Major maintenance costs are tracked using the Coast Guard Civil engineering data system (CEDS).

With these systems, we have increased cost accountability for family housing from 50 percent to 100 percent of our units.

LEASED HOUSING

Mr. CARR. The report concluded that the percentage of personnel in ranks of E–1 through E–4 who are paying above 30 percent out of pocket compared with lower amounts for higher ranks suggests that the lower enlisted ranks are systematically encountering housing that is difficult for them to afford. Does the Coast Guard have any initiatives under way to address this particular problem?

[The information follows:]

The leased housing program is our chief means of addressing this problem. The fiscal year 1992 housing report based this conclusion on the fiscal year 1990 Housing and Family Programs Survey; the most current data source at that time. In 1991, the Coast Guard revised eligibility criteria for the leased housing program so that any member paying more than 15 percent out of pocket for adequate housing would be eligible for government leased housing. The number of service members in leased housing then grew from 3,016 in fiscal year 1990 to 5,900 at the end of fiscal year 1993. The vast majority of the leases are for the lower enlisted pay grades.

On a separate, but closely related issue, the seventh quadrennial review of military compensation is considering revising the methodology by which the variable housing allowance is determined. Instead of surveying members to find out what they are paying for housing, which often reflects the cost of inadequate housing, the proposed change will use other data collection methods to determine the true cost of adequate housing for each military housing area. This market data will provide a much more accurate index for deriving VHA levels.

Mr. CARR. After talking with many of your personnel, the LMI report concluded that "the more important problems are the attitudes of the leaders, who will often favor operational requirements over family housing needs." As the report points out, the military construction appropriation includes a separate subaccount for family housing, in order to protect those resources from being raided for other activities. Given the findings of this report, should such a convention be adopted as part of the Coast Guard budget?

[The information follows:]

Not at this time. The Coast Guard has not experienced problems ensuring adequate funding is used for its housing construction and improvement needs. However, the Coast Guard has experienced problems with ensuring all funds for maintenance of its housing are used for that purpose. Using quality management principles, the Coast Guard has increased emphasis on the need to ensure proper housing maintenance. Coast Guard commands now understand that adequately maintained housing for our personnel is part of operational preparedness. In addition to identifying and monitoring funds and costs associated with maintenance of owned housing, the Coast Guard has recently approved a new spendplan model for use by all Districts. This model provides funds for routine material and service repair costs, while fully funding all utility needs. Major maintenance needs, currently prioritized by each District, will be centrally prioritized and accomplished on a servicewide basis upon completion of a comprehensive condition assessment to be conducted in fiscal years 1995 and 1996. Concurrent with the condition assessment, the Coast Guard will develop maintenance plans, for housing sites without facilities engineering staffs, to prevent loss of inventory and reduce vacancy rate caused by maintenance delays. The Coast Guard is also conducting a pilot project in fiscal years 1995 and 1996 to assess the viability and cost-effectiveness of contracting maintenance at more of our housing sites.

STRIKE TEAM ACTIVITY REPORTS

Mr. CARR. For the record, please provide copies of the summaries of quarterly activities reports for each of your strike teams for the past year.

[CLERK'S NOTE.—Due to the length of this material it is being retained in the Committee's files.]

SHIP COLLISIONS

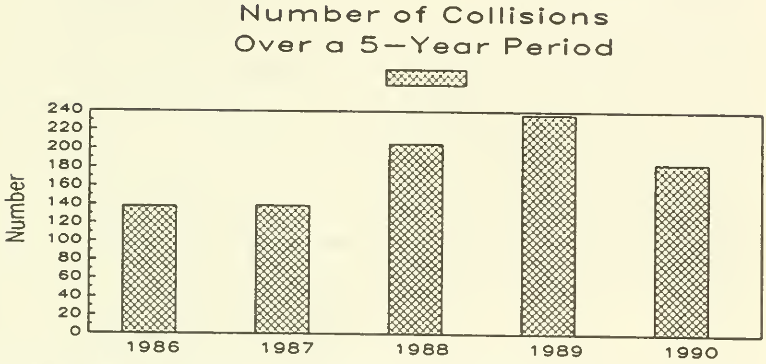
Mr. CARR. Please provide data and a bar graph showing total ship collisions in the United States for the past five years.

[The information follows:]

In 1992, the Coast Guard began to transfer ship collision records into a statistical data base. To date, information from 1981 through 1990 has been entered into the system. The following number of vessel collisions were reported in the United States for the last five consecutive years for which there is complete data available. Data for 1991, 1992, and 1993 is being entered at this time and will be available in the fall of 1994. A bar graph based on this data follows:

NUMBER OF COLLISIONS

Calendar Year				
1986	1987	1988	1989	1990
138	139	205	236	184



Collisions of vessels in U.S. waters meeting the reportability criteria of 46 CFR Part 4

PRIMARY CAUSES OF SHIP COLLISIONS

Mr. CARR. Please also provide data on the primary causes of U.S. ship collisions over that same time period.

[The information follows:]

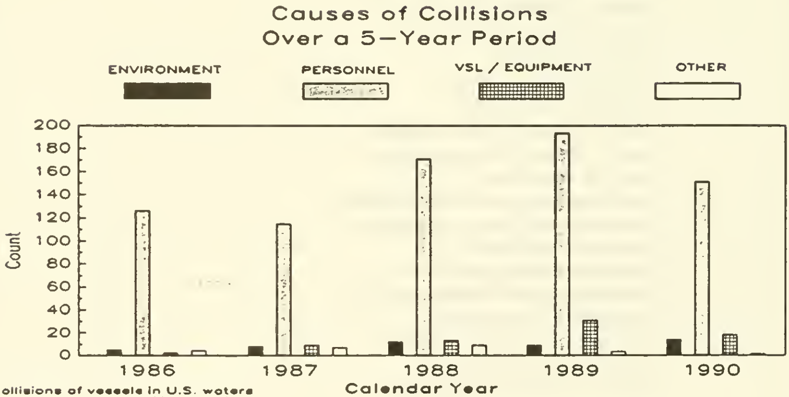
In 1992, the Coast Guard began to transfer records on the primary causes of collisions into a statistical data base. To date, information from 1981 through 1990 has been entered into the system. The following is a list of primary causes of vessel collisions reported in the United States for the last five consecutive years for which there is complete data available. Data for 1991, 1992, and 1993 is being entered at this time and will be available in the fall of 1994. A bar graph based on this data has been provided.

CAUSAL FACTORS OF COLLISIONS

	Calendar Year					
CAUSAL FACTORS	1986	1987	1988	1989	1990	Total
E ADVERSE WEATHER	4	6	3	5	2	20
E ADVERSE CURRENT/SEA CONDITION			5	3	9	17
E SUNCTION BANK/BOTTOM/VSL	1	2			2	5
E UNCONTRLLABLE CHANNEL HAZARD			1	1		2
E SHOALING			1			1
E DEBRIS			1			1
E SUBMERGED OBJECT					1	1
E CHANNEL NOT MAINTAINED			1			1
TOTAL OPERATING ENVIRONMENT	**5**	**8**	**12**	**9**	**14**	
NOT ELSEWHERE CLASSIFIED	1	2				3
UNKNOWN	3	5	9	3	1	21
NULL	1					1
P OPERATOR ERROR	53	31	85	127	98	394
P ERROR IN JUDGEMENT	15	19	15	13	6	68
P FAILED TO KEEP PROPER LOOKOUT	7	9	13	4	10	43
P INATTENTION TO DUTY	10	10	10	2	3	35
P FAILED TO COMP W/RUL/REG/PRO	2	9	10	5	2	28
P FAILED TO EST PASSING AGREEMENT	4	7	4	2	9	26
P FAILED TO ASCERTAIN POSITION	6	5	5	4	3	23
P FAILED TO ACCTO FOR CRNT/WX	1		4	10	6	21
P CARELESSNESS	2	3	7		2	14
P FAILED TO KEEP TO RT OF CHANNEL	3	3	1	6		13
P FAILED TO YIELD RIGHT OF WAY	4	5		1	3	13
P FAILED TO PROCEED AT SAFE SPEED	4	3	4		1	12
P IMPROPER CASUALTY CONTRL PRO			2	5	4	11
P IMPROPER SAFETY PRECAUTIONS	3	2	3			8
P LACK OF EXPERIENCE	2	2		2	1	7
P CALCULATED RISK	3	1	1	1	1	7
P IMPROPER MOORING/TOWING	1	1	2	2		6
P INTOXICATION (DRUGS)	2	1	2	1		6
P IMPROPER/FAULTY LIGHTS/SHAPES	1	2				3
P FAILED TO USE RADIOTELEPHONE	2	1				3
P LACK OF KNOWLEDGE			1	1		2
P IMPROPER/MISSING WHISTLE SIGNALS				1	1	2
P FAILED TO ACCT FOR TIDE/RIV SG		1			1	2
P IMPROPER MAINTENANCE				2		2
P IMPROPER SECURING/RIGGING				2		2
P INADEQUATE OWNER/OP SAFETY PROG				1		1
P INADEQUATE SUPERVISION				1		1
P FAILED TO USE AVAIL NAC EQUIP			1			1
P USED DEFECTIVE EQUIPMENT			1			1
P SERVICE CONDITIONS EXCEEDED	1					1
TOTAL PERSONNEL ERROR	**126**	**115**	**171**	**193**	**151**	

CAUSAL FACTORS	1986	1987	1988	1989	1990	Total
	Calendar Year					
V FAILED MATERIALS, MECHANICAL		1	6	12	8	27
V FAILED MATERIALS, OTHER	1	1		8	5	15
V STEERING FAILURE		2	1	7	2	12
V PROPULSION FAILURE		1	1	1	1	4
V FAILED MATERIALS, ELECTRICAL		1	1	2		4
V FAILED MATERIALS, STRUCTURAL		2	1		1	4
V INSUFFICIENT FUEL			2			2
V FOULED PROPELLER		1	1			2
V INADEQUATE LIGHTING				1		1
V FAILED FASTENINGS					1	1
V DRAGGING ANCHOR	1					1
TOTAL VESSEL FAILURE	2	9	13	31	18	

SUMMARY CAUSAL FACTORS	1986	1987	1988	1989	1990	Total
	Calendar Year					
OP ENVIRONMENT FACTOR	5	8	12	9	14	48
PERSONNEL FACTOR	126	115	171	193	151	756
VESSEL/EQUIPMENT FACTOR	2	9	13	31	18	73
UNKNOWN/NEC	5	7	9	3	1	24



Collisions of vessels in U.S. waters meeting the reportability criteria of 46 CFR Part 4

OPERATIONAL INFORMATION SYSTEM DEVELOPMENT

Mr. CARR. Please summarize the status of the operational information system prototype development project, and discuss the Coast Guard's plans to implement this tool into fleet operations.

[The information follows:]

A Coast Guard research and development project developed a phased pilot Operational Information System (OIS), which was installed at 3 multi-mission stations within Group Long Island Sound from November 1993 to February 1994. Phase I OIS equipment consists of a shore-side command and control computer, utility boat (UTB) navigation/communications computer, and boarding officer pen-based computer. The UTBs are linked to the Group by cellular telephone data-communications.

Operational evaluation and cost/benefit analysis will begin in the spring of 1994 and continue through the busy 1994 summer boating season. Plans to implement Phase I of OIS into fleet operations is dependent on the results of the evaluation and analysis and the availability of additional resources.

The functional requirements of Phase II were defined in FY94 and will result in the addition of the First Coast Guard District Operations Center in Boston, Air Station Cape Cod, and HH–60 Jayhawk helicopter to the test bed. Rapid prototyping will commence during FY95, leading to an evaluation of operational, procedural and organizational benefits.

Following Phase II evaluation and analysis, we will make recommendations on whether to pursue implementation of this phase of OIS and extent of the implementation.

Mr. CARR. What are the perceived benefits of this system, and how has that been qualified?

[The information follows:]

The Operations Information System (OIS) should reduce multiple data entry, improve data quality, and quickly transmit data and the boat's position to seniors in the chain of command and the central database. This will reduce the crew's workload while boats are underway and improve small boat navigation safety, situational awareness, decision making, and command and control, leading to more efficient operation of the small boat fleet.

The benefits of the system have not yet been quantified, but will be as one of the elements of the research and development project.

PROJECT LIBERTY SHIP

Mr. CARR. Project Liberty Ship is a nonprofit national organization which commemorates the Liberty Ships of World War II. Three of those ships are the John W. Brown, the Jeremiah O'Brien, and the Lane Victory. Has the Coast Guard contributed, or are there plans to contribute, to Project Liberty Ship? If so, how much Federal funding is involved?

[The information follows:]

The Coast Guard has not contributed, nor are there plans to contribute federal funds, to project Liberty Ship. The Lane Victory and the John Brown are privately owned. The Jerimiah O'Brien is under the control of the Maritime Administration. The Coast Guard, through its regulatory function, will inspect these vessels and issue Certificates of Inspection if the vessels are found to be in compliance with appropriate regulations.

YORKTOWN RESERVE TRAINING CENTER OPSTAGE FUNDING

Mr. CARR. In the Coast Guard's final OPSTAGE financial plan for fiscal year 1994, an additional $200,000 was provided for a reclama for the Reserve Training Center at Yorktown, Virginia. What specifically was this funding provided for, and when was the reclama prepared by the RTC?

[The information follows:]

In developing the fiscal year 1993 budget, the reserve training appropriation was adjusted downward due to a reduction in the size of the Reserve Force. A part of that reduction was passed on to the Reserve Training Center, Yorktown, Virginia (RTC). RTC receives funding from both the reserve training and operating expenses appropriations proportional to the work conducted there which can be attributed to each appropriation. In December 1992, the Reserve Training Center generated a reclama indicating the mix of funding the unit received from Coast Guard Headquarters did not accurately reflect the mix of operating expenses work and reserve training work which is conducted at the unit. The reclama was approved and unit funding was adjusted accordingly.

WORLD WAR II COMMITTEE TEMAC

Mr. CARR. In the OPSTAGE, what is the item called "World War II Committee TEMAC," which was funded at $62,000 in fiscal year 1994?

[The information follows:]

The transaction in the fiscal year 1994 OPSTAGE financial plan reflects the addition of funds to the Military Pay and support accounts to fund the costs of a Coast Guard Reserve Lieutenant Commander assigned to temporary active duty with the U.S.A. Fiftieth Anniversary of World War II Commemoration Committee. The Committee, which was established in the fiscal year 1993 Department of Defense Authorization Act, is staffed by members of each of the Armed Services. The Coast Guard representative is in the second of three years of expected service on the Committee, and was provided in response to a Department of Defense request for Coast Guard participation on the committee staff.

OPSTAGE RESOURCE CHANGE PROPOSALS

Mr. CARR. Please provide a brief explanation of each resource change proposal (RCP) in the fiscal year 1994 final OPSTAGE, as shown in enclosure 6 of that document.

[The information follows:]

The following resource change proposals (RCPs) were funded in the fiscal year 1994 Final OPSTAGE:

Administrative Law Judge (ALJ) Facility Baltimore.—This RCP addressed the need for a hearing facility separate from, but close to, Marine Safety Office (MSO) Baltimore. The current facility inside the MSO presents an appearance of impropriety because it calls into question the separation of judicial and investigatory functions. $45,000 funding is for GSA leased space for the hearing facility. The facility will be used by personnel from the ALJ office in Washington, D.C. and the ALJ office in Norfolk, VA.

ALJ Information Resource Management Plan (IRMP) Implementation.—This RCP accomplishes several purposes: provides computer support equipment to Headquarters and the nine field ALJ offices; enables better interface among ALJ offices within the Coast Guard; and permits access to MS–DOS computer software applications which will enable ALJ offices to use off-the-shelf legal software for legal research and case indexing. $130,000 is associated with purchase of computer hardware, for all of the ALJ offices.

ALJ New York Downsizing.—The $40,000 associated with this item will be used to reconfigure office space (after 500–700 sqft are released from present rental) and to replace worn furnishings.

ALJ Facility Norfolk.—This RCP addressed the need for a hearing facility separate from, but close to, MSO Hampton Roads. The current facility inside the MSO presents an appearance of impropriety because it calls into question the separation of judicial and investigatory functions. Additionally, the ALJ office is small, and there is no room for prehearing conferences and counsel meetings. There is enough space in the new location to configure it so as to correct the current deficiencies without an overall increase in space requirements. $27,000 is associated with space alteration and proper courtroom furniture.

Alien Migrant Interdiction Operation (AMIO) Creole Interpreters.—Cutters on Operation Able Manner (Haitian AMIO) need Creole interpreters to communicate with Haitians on intercepted boats. Communication is critical to safety and successful mission completion. Immigration Naturalization Service/Department of State (INS/DOS) advised that they would no longer fund the provision of Creole interpreters.

$440,000 would provide for six Creole interpreters during FY94 Haitian AMIO operations.

Logistics Aircraft.—In prior years, CASA 212 aircraft conducted the logistics mission in the Caribbean. CASA operating costs were funded at OPSTAGE. This year, the Coast Guard VC–4A aircraft is to be transferred to Air Station Miami to replace CASA and fly the logistics mission. Its annual operating hours will increase from 500 to 700. The OPSTAGE estimates reflect planning for VC–4A replacement of CASA in May 1994. The FY94 OPSTAGE provides sufficient funds for the seven months of CASA lease costs and five months of VC–4A operating costs.

Civil Penalty Staff Funding.—A total of 21 military billets and 2 civilian positions were provided to augment civil penalty staffing at Hearing Offices and District Boating Safety and Law Enforcement divisions Coast Guard-wide. The majority of the billets were identified by reprogramming from the Coast Guard Yard. $133,000 will cover associated travel, training and computer equipment costs.

Coast Guard Measurement Plan.—Process measurement, necessary for an effective program standard and outcome measure development is not adequately addressed. $148,000 associated with this plan provides training for 32 Total Quality Management (TQM) facilitators who would, in turn, regionally train at least 6500 Coast Guard personnel in process measurement in FY94.

Chaplain Funding.—This funds the cost of four chaplain billets on a reimbursable basis. No FTE was issued as the Navy counts the chaplains toward its own endstrength. $175,000 was provided in FY94 to cover half-year costs of the chaplains, brought on at mid-year.

Multi-national Maritime Interception Operations (MMIO) North Red Sea.—This funds MMIO costs associated with assigned Law Enforcement Detachments (LEDETs) and a newly established 12-member Squadron staff. $280,000 (non-recurring) was provided to fund the LEDET costs, and $220,000 (recurring) was provided to fund the Squadron costs.

Operations Bahamas-Turks and Caicos (OPBAT) Anti Drug Network (ADNET) DDN Costs.—The ADNET is a classified system for transmission of secure data and graphics. It is widely used throughout law enforcement agencies. This request funds the Coast Guard's share of Defense Data Network (DDN) line charges associated with participation in this system (the system is overseen by Department of State for OPBAT). $16,000 was provided to fund these costs.

Utility Boat (UTB) Standards Team Visits.—UTB Standards Teams visit Coast Guard multi-mission stations once every four years to check and train small boat crews. Reducing that cycle time to once every two years has been a long-standing Coast Guard objective that would greatly enhance the standardization, professionalism, ability and safety of Coast Guard boat crews. $98,000 was provided to reduce the visit cycle to once every two years.

TROOPS TO TEACHERS PROGRAM

Mr. CARR. What is the "Troops to Teachers" program, and is the Coast Guard a participant in it?

[The information follows:]

The "Troops to Teachers" program was established by the Department of Defense (DOD) to fulfill the provisions of 10 USC 1151. The purpose of this program is to assist eligible members of the armed forces, separated after October 1, 1992, in obtaining certification and employment as teachers, or employment as teachers' aides. Certification and employment assistance may be provided only to separated members employed by certain local educational agencies. In order to participate in the program, these agencies must be: (1) receiving grants under chapter 1 of title 1 of the Elementary and Secondary Education Act of 1965 as a result of having concentrations, within their jurisdictions, of children from low-income families; and (2) experiencing a shortage of teachers aides and/or qualified science, mathematics, or engineering teachers.

Three types of assistance are provided under the "Troops to Teachers" program. First, the DOD provides applications for and information about the program to separated members during preseparation counseling. Second, the DOD pays program participants a stipend, not to exceed $5,000, to cover the costs of obtaining teacher certification or licensure or the necessary teaching credentials. Members separated under the Variable Separation Incentive, Special Separation Benefit, or Temporary Early Retirement Authority programs are not entitled to this stipend. Third, the DOD pays local educational agencies the cost of two years' basic salary of each employed former member, not to exceed $50,000, for agencies that employ former members for at least two consecutive years.

The Coast Guard is not a participant in the program. Although Coast Guard members are members of the armed forces, 10 USC 1151 provides only the Secretary of Defense with authority to establish the program and select the participants. The DOD may only select the number of program participants that it has sufficient appropriations, at the time of selection, to pay for all program obligations for those participants. Also, the DOD may only spend DOD appropriations for the "Troops to Teachers" program on separated DOD service members. The DOD General Counsel has determined that only separated DOD service members are eligible to participate in the "Troops to Teachers" program; separated Coast Guard members are not eligible.

Mr. CARR. What costs are included in the fiscal year 1994 or 1995 budgets for the "Troops to Teachers" program?

[The information follows:]

The Coast Guard's fiscal year 1994 budget does not include funds for the "Troops to Teachers" program.

The Coast Guard has proposed legislation giving the Coast Guard authority for separated Coast Guard members to participate in the "Troops to Teachers" program commencing in fiscal year 1995. The Coast Guard's fiscal year 1995 budget request includes $385,000 for Coast Guard member participation in the "Troops to Teachers" program.

Mr. CARR. Please provide a detailed breakdown of your fiscal year 1995 budget request for work force management tools, and for each initiative, provide a brief explanation and state the goal in increased attrition.

[The information follows:]

The following provides the requested information for fiscal year 1995:

High Year Tenure (HYT).—An enlisted workforce management tool. Establishes a 30-year enlisted career cap, and professional growth points. Members that fail to meet the prescribed professional growth points are involuntarily discharged. If eligible, they may retire in lieu of discharge. Attrition goal: 450.

Centralized First Term Reenlistment Review (CFTRR).—An enlisted workforce management tool. Establishes a central review of all enlisted personnel prior to their first reenlistment. Enables the Coast Guard to make first reenlistments competitive and align the workforce with service needs. Attrition goal: 80.

Temporary Early Retirement Authority (TERA).—An officer and enlisted workforce management tool. Authorizes voluntary retirements for members with at least 15, but less than 20, years of active service. Enables Coast Guard to shrink this tenured population. Attrition goal: 30.

Voluntary Separation Incentive/Special Separation Benefit (VSI/SSB).—An officer and enlisted workforce management tool. Authorizes either a lump sum payment (SSB) or annual annuity (VSI) for members in service selected pay grade and specialty populations who voluntarily separate. Enables Coast Guard to shape its active duty workforce while reducing its size. Attrition goal: 36.

Decrease officer extension, continuation, and promotion board opportunities of selection.—An officer workforce management tool. Officers who are not selected for active duty extension or continuation, or twice not selected for promotion, are involuntarily released from active duty or retired. Attrition goal: 44.

Waivers of obligated service.—An officer and enlisted workforce management tool. Offers waivers of obligated service for members voluntarily requesting separation. Attrition goal: 25.

Remaining funding request includes transition benefits identical to DOD's.

WORKFORCE MANAGEMENT TOOLS

Mr. CARR. What portion of the work force management initiative (in dollars) requires a specific enacted authorization by the Congress?

[The information follows:]

The workforce downsizing management initiatives that require specific enacted authorization by the Congress are temporary early retirement authority (TERA), voluntary separation incentive (VSI), special separation benefit (SSB), and Chapter 58, Title 10, U.S. Code, transition benefits.

The total cost of the Coast Guard's workforce downsizing management initiative package is $9,777,000, of which $1,979,000 will fund the above initiatives.

CLOTHING MAINTENANCE ALLOWANCE

Mr. CARR. What is the "clothing maintenance allowance" and how much is budgeted for this purpose in fiscal years 1994 and 1995?

[The information follows:]

Clothing maintenance allowances are provided to enlisted members only as part of their total compensation package. Enlisted personnel are provided an initial issue of required uniforms. Clothing maintenance allowance is a legal entitlement to provide for the maintenance and replacement of items of personal military clothing, which would require replacement during an enlisted member's tour of duty. There are two types of clothing maintenance allowances: Basic maintenance allowance and standard maintenance allowance. The basic maintenance allowance is normally paid monthly to a member who completes six months of active duty after his/her last entitlement to an initial or partial clothing-in-kind issue and continues through thirty-sixth months of active duty. The standard maintenance allowance is normally paid monthly, beginning the day following completion of thirty-six months of active duty.

In fiscal year 1994, the Coast Guard projects that the annual cost for the clothing maintenance allowance will be about $8.1 million. For fiscal year 1995, the Coast Guard estimates that this same allowance will cost about $7.9 million. (These estimates are directly affected by the gender mix and size of the enlisted workforce.)

REGULAR MILITARY COMPENSATION (RMC) TABLES

Mr. CARR. Please provide the current pay schedules showing rates of basic pay for military personnel by pay grade and years in service.

[The information follows:]

A copy of the pay chart, as published in the Department of Defense, selected compensation tables January 1994 pay rates, is attached.

THESE DISPLAYS WERE PREPARED TO PROVIDE DETAILED ANNUAL REGULAR MILITARY COMPENSATION (RMC) RECEIVED BY MILITARY PERSONNEL. RMC IS DEFINED AS THE SUM OF BASIC PAY, BASIC ALLOWANCE FOR QUARTERS (INCLUDING ANY VARIABLE HOUSING ALLOWANCE OR STATION ALLOWANCE), BASIC ALLOWANCE FOR SUBSISTENCE, AND THE FEDERAL TAX ADVANTAGE** ACCRUING TO THE AFOREMENTIONED ALLOWANCES BECAUSE THEY ARE NOT SUBJECT TO FEDERAL INCOME TAX. RMC IS MADE UP OF TWO COMPONENTS:(1) A BASIC LEVEL OF COMPENSATION WHICH EVERY SERVICEMEMBER RECEIVES, DIRECTLY OR INDIRECTLY, IN CASH OR IN KIND EVERY PAYDAY, AND WHICH IS COMMON TO ALL MILITARY PERSONNEL OF A PARTICULAR PAYGRADE, YEARS OF SERVICE, AND FAMILY SIZE. THIS BASIC MILITARY COMPENSATION, OR BMC, IS THE SUM OF BASIC PAY, BASIC ALLOWANCE FOR QUARTERS, BASIC ALLOWANCE FOR SUBSISTENCE, AND TAX ADVANTAGE; (2) A VARIABLE AMOUNT OF COMPENSATION NOT RECEIVED BY ALL MILITARY PERSONNEL, WHICH IS DEPENDENT ON THE LOCATION OF THE MEMBER'S DUTY ASSIGNMENT. IN THE CONTINENTAL UNITED STATES (CONUS), INCLUDING ALASKA AND HAWAII, MEMBERS RECEIVE A VARIABLE HOUSING ALLOWANCE (VHA) AND OVERSEAS, THEY RECEIVE A STATION HOUSING ALLOWANCE (SHA). IN BOTH CASES, MEMBERS ALSO RECEIVE AN INCREMENTAL TAX ADVANTAGE FROM THE ADDITION TO THEIR INCOME OF THE NON-TAXABLE HOUSING ALLOWANCE.

FOR EACH OF THE TWENTY-NINE PAY GRADES, FOURTEEN LONGEVITY STEPS, AND FAMILY SIZES ONE THROUGH SIX, ELEVEN QUANTITIES ARE LISTED-

1) BASIC PAY (BPY)

2) BASIC ALLOWANCE FOR QUARTERS (BAQ)

3) BASIC ALLOWANCE FOR SUBSISTENCE (BAS)

4) TOTAL OF ALLOWANCES (ALL)

5) CASH PAY (CPY)

6) SOCIAL SECURITY TAX - FICA - (SST)

7) FEDERAL INCOME TAX (FIT)

8) TOTAL TAXES (TOT)

9) DISPOSABLE INCOME - TAKE HOME PAY - (DIS)

10) FEDERAL INCOME TAX ADVANTAGE (TAD)

11) BASIC MILITARY COMPENSATION (BMC)

THE RMC FOR ANY PARTICULAR GRADE, LONGEVITY STEP AND FAMILY SIZE, IS THE SUM OF BMC AS SHOWN IN THE DETAILED TABLES PLUS ANY VHA OR SHA APPLICABLE TO THE LOCATION OF THE DUTY ASSIGNMENT,AND THE INCREMENTAL TAX ADVANTAGE OF THE VHA OR SHA. BECAUSE OF THE WIDE VARIABILITY IN THE VHA AND SHA RATES, TABLES COVERING THE FULL RANGE OF POSSIBLE RMC'S CANNOT BE COVERED IN A SUMMARY PUBLICATION SUCH AS THIS ONE. TABLES IN THE BACK DISPLAY THE AVERAGE VHA, BY GRADE, AND AVERAGE RMC, BY GRADE, AND THE AVERAGE RMC, BY GRADE AND YEARS OF SERVICE. IT SHOULD BE NOTED THAT THE AVERAGE RMC FIGURES SHOWN INCLUDE VHA, AND NOT SHA, AND THEREFORE ARE APPLICABLE ONLY TO PERSONNEL IN CONUS. DATA ON SHA, AND THE RESULTANT RMC'S APPLICABLE TO PERSONNEL OVERSEAS ARE NOT INCLUDED IN THIS PUBLICATION.

**TAX ADVANTAGE (TAD) IS THE ADDITIONAL INCOME MILITARY PERSONNEL WOULD HAVE TO RECEIVE IN ORDER TO BE LEFT WITH THEIR CURRENT DISPOSABLE INCOME (TAKE HOME PAY), IF THEIR ALLOWANCES WERE TAXABLE. FEDERAL INCOME TAX IS COMPUTED USING THE STANDARD DEDUCTION AND 1983 TAX RATES, INCLUDING THE EARNED INCOME TAX CREDIT (EITC).

FY 1993 DETAILED RMC TABLES
ASSUME ALL CASH PAY GRADE AVERAGES

ALL PERSONNEL

	BPY	BAQ+VHA	BAS	ALL	CPY	SST	FIT	TOT	DIS	TAO	RMC
C/S	108201.61	14313.60	1672.68	15986.28	124187.89	5102.92	22254.90	27357.82	96830.07	7182.24	131370.13
O-10	108201.61	14313.60	1672.68	15986.28	124187.89	5102.92	21964.71	27087.63	97120.26	7180.49	131388.38
O-9	96904.03	14289.67	1672.68	15982.35	112866.38	4939.11	18612.61	23551.72	89314.66	6925.48	119791.86
O-8	87958.80	14281.70	1672.68	15954.38	103913.18	4809.40	16094.30	20903.70	83009.48	6534.43	110447.61
O-7	77626.80	14225.20	1672.68	15897.88	93524.68	4859.59	13080.61	17740.20	75784.48	6209.02	99733.70
O-6	64976.08	12699.92	1672.68	14372.60	79348.88	4473.08	9393.79	13866.85	65481.83	5620.86	84989.55
O-5	52697.53	12015.90	1672.68	13888.58	66386.11	4031.36	6167.21	10198.57	56187.54	5139.72	71525.83
O-4	43455.48	10558.49	1672.68	12232.17	55687.65	3324.34	4705.74	8030.08	47657.58	3449.08	59138.73
O-3	34796.24	8477.10	1672.68	10149.78	44948.03	2882.06	3690.38	6352.44	38595.58	2354.91	47302.94
O-2	27236.36	6709.99	1672.68	8382.67	35819.03	2083.68	2731.61	4815.19	30803.83	2164.08	37783.09
O-1	19709.35	5623.28	1672.68	7295.96	27005.32	1507.77	1708.57	3216.33	23788.98	1349.39	28354.71
O-3 E	40404.09	9137.25	1672.68	10809.93	51214.01	3090.91	4727.53	7818.45	43395.57	2876.58	54090.57
O-2 E	33122.37	7738.30	1672.68	9410.98	42533.36	2533.86	3911.02	6444.89	38088.47	2579.69	45113.04
O-1 E	26650.41	6597.71	1672.88	8270.39	34920.80	2038.76	2762.54	4801.30	30119.50	2274.05	37194.85
ALLO-3	35679.84	8580.92	1872.68	10253.60	45933.44	2729.51	3853.49	6582.99	39350.45	2436.95	48370.39
ALLO-2	27761.52	6801.73	1672.68	8474.41	36235.94	2123.76	2836.84	4960.60	31275.34	2201.15	38437.08
ALLO-1	20246.06	5698.63	1672.68	7371.31	27617.37	1546.82	1790.06	3338.69	24278.48	1420.89	29038.26
ALL CO	38434.77	9107.04	1672.68	10779.72	49214.48	2907.32	4299.04	7206.37	42008.12	3019.42	52233.90
W-5	44993.16	10297.70	1672.68	11970.38	58963.54	3441.97	4631.21	8073.19	48890.35	3487.58	60451.12
W-4	40254.57	9424.72	1672.68	11097.40	51351.97	3079.48	3861.19	6940.66	44411.31	2407.55	53759.52
W-3	33038.76	8653.35	1672.68	10326.03	43364.78	2527.46	2724.93	5252.39	38112.39	1906.34	45271.12
W-2	27747.29	7852.72	1672.68	9525.40	37272.88	2122.67	2052.66	4175.32	33097.36	1831.94	39104.63
W-1	22785.38	6575.33	1672.68	8248.01	31033.39	1743.08	1535.42	3278.50	27754.89	1562.38	32585.77
ALL WO	30443.96	8140.48	1672.68	9813.16	40257.13	2328.96	2447.40	4776.36	35480.77	1919.43	42176.56
ALLOFF	37895.55	9041.81	1672.68	10714.49	48610.04	2868.30	4174.09	7042.39	41567.65	2945.18	51555.23
M/S	45874.80	9145.20	2427.25	11572.45	57447.25	3509.42	4717.47	8226.89	49220.36	3516.33	80983.58
E-9	35480.00	9046.75	2427.25	11474.00	46954.00	2714.22	3153.34	5867.56	41086.44	2174.91	49128.91
E-8	28886.03	8313.87	2427.25	10741.12	38607.15	2208.25	2084.88	4293.13	35314.02	1884.41	41601.56
E-7	24371.89	7643.14	2427.25	10070.39	34441.98	1864.43	1458.01	3322.43	31119.55	1854.19	36296.18
E-6	20419.55	6938.19	2427.25	9365.44	29784.99	1562.09	1008.47	2570.56	27214.42	1673.06	31456.04
E-5	16899.75	6007.57	2427.25	8434.82	25334.57	1292.83	765.80	2058.63	23275.94	1452.21	26786.78
E-4 +4	14820.63	4754.37	2427.25	7181.62	22002.25	1133.78	849.32	1983.10	20019.15	1248.71	23251.96
E-4 -4	13013.29	4754.37	2427.25	7181.62	20194.92	995.52	555.35	1550.87	18644.05	1250.28	21445.18
ALLE-4	13862.93	4754.37	2427.25	7181.62	21044.55	1080.51	693.55	1754.06	19290.49	1250.00	22294.56
E-3	11768.51	4253.05	2427.25	6680.30	18448.80	900.29	594.36	1494.65	16954.16	1155.81	19804.62
E-2	10958.40	3469.01	2427.25	5896.28	16854.66	838.32	564.53	1402.85	15451.61	1014.74	17869.41
E-1 +4	9777.60	3055.98	2427.25	5483.24	15280.84	747.99	429.04	1177.03	14083.81	913.18	16174.02
E-1 -4	9043.20	3055.91	2241.10	5297.01	14340.21	691.80	327.28	1019.06	13321.16	860.17	15200.39
ALLE-1	9406.44	3055.95	2333.68	5389.83	14788.07	719.74	377.88	1097.62	13700.44	886.54	15684.60
ALLENL	16071.94	5423.96	2421.97	7845.93	23917.87	1229.50	828.39	2058.90	21858.97	1376.92	25294.79
ALLOOO	19345.92	5966.71	2309.56	8276.27	27622.20	1475.36	1331.17	2806.52	24815.67	1612.19	29234.39

FY1994 BMC TABLES

MONTHLY BASIC PAY EFFECTIVE 1 JANUARY 1994

PAY GRADE	YEARS OF SERVICE UNDER 2	2	3	4	6	8	10	12	14	16	18	20	22	24	26
COMMISSIONED OFFICERS															
0-10	6801.60	7040.70	7040.70	7040.70	7040.70	7311.00	7311.00	7716.00	7716.00	8267.70	8267.70	8821.50	8821.50	8821.50	9016.80
0-9	6027.90	6185.70	6317.40	6317.40	6317.40	6478.20	6478.20	6747.60	6747.60	7311.00	7311.00	7716.00	7716.00	7716.00	8267.70
0-8	5459.70	5623.50	5756.70	5756.70	5756.70	6185.70	6185.70	6478.20	6478.20	6747.60	7040.70	7311.00	7491.30	7491.30	7491.30
0-7	4536.60	4845.00	4845.00	4845.00	5062.20	5062.20	5355.60	5355.60	5623.50	6185.70	6611.10	6611.10	6611.10	6611.10	6611.10
0-6	3362.40	3694.20	3936.30	3936.30	3936.30	3936.30	3936.30	3936.30	4070.10	4713.80	4954.20	5062.20	5355.60	5536.80	5808.60
0-5	2689.20	3157.50	3375.90	3375.90	3375.90	3375.90	3478.20	3665.40	3911.10	4203.90	4444.50	4579.50	4739.40	4739.40	4739.40
0-4	2266.80	2760.30	2944.50	2944.50	2999.10	3131.40	3345.00	3533.10	3694.20	3856.50	3962.70	3962.70	3962.70	3962.70	3962.70
0-3	2108.30	2355.30	2517.90	2785.80	2919.00	3023.70	3187.50	3345.00	3427.20	3427.20	3427.20	3427.20	3427.20	3427.20	3427.20
0-2	1836.90	2005.80	2410.20	2491.20	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80	2542.80
0-1	1594.80	1659.90	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80	2005.80
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE SERVICE AS ENLISTED MEMBERS															
0-3	0.00	0.00	0.00	2785.80	2919.00	3023.70	3187.50	3345.00	3478.20	3478.20	3478.20	3478.20	3478.20	3478.20	3478.20
0-2	0.00	0.00	0.00	2491.20	2542.80	2823.50	2760.30	2866.20	2944.50	2944.50	2944.50	2944.50	2944.50	2944.50	2944.50
0-1	0.00	0.00	0.00	2005.80	2143.20	2222.10	2302.50	2382.60	2491.20	2491.20	2491.20	2491.20	2491.20	2491.20	2491.20
WARRANT OFFICERS															
W-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3662.70	3801.60	3911.40	4076.10
W-4	2146.20	2302.50	2302.50	2355.30	2482.40	2570.70	2678.70	2866.20	2999.10	3104.40	3187.50	3290.40	3400.50	3506.40	3665.40
W-3	1950.80	2115.90	2115.90	2143.20	2168.10	2326.80	2462.40	2542.80	2623.50	2701.80	2785.80	2894.40	2999.10	2999.10	3104.40
W-2	1708.50	1848.30	1848.30	1902.00	2005.80	2115.90	2196.30	2276.70	2355.30	2438.10	2517.90	2597.10	2701.80	2701.80	2701.80
W-1	1423.20	1632.00	1632.00	1768.20	1848.30	1927.50	2005.80	2088.90	2168.10	2248.80	2326.80	2410.20	2410.20	2410.20	2410.20
ENLISTED MEMBERS															
E-9	0.00	0.00	0.00	0.00	0.00	0.00	2496.90	2552.70	2610.60	2670.60	2730.30	2783.40	2929.20	3043.20	3214.20
E-8	0.00	0.00	0.00	0.00	0.00	2093.70	2153.70	2210.40	2267.70	2327.70	2381.10	2439.60	2582.70	2697.90	2870.40
E-7	1461.60	1578.00	1636.20	1693.80	1751.40	1807.20	1865.10	1923.30	2010.30	2067.30	2124.60	2152.20	2296.80	2411.10	2582.70
E-6	1257.60	1370.70	1427.70	1488.60	1544.40	1599.90	1658.70	1744.20	1798.80	1857.00	1885.20	1885.20	1885.20	1885.20	1885.20
E-5	1103.40	1201.20	1259.70	1314.30	1401.00	1458.00	1515.60	1571.40	1599.90	1599.90	1599.90	1599.90	1599.90	1599.90	1599.90
E-4	1029.30	1087.20	1151.10	1239.90	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80	1288.80
E-3	969.90	1023.00	1083.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80	1105.80
E-2	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30	933.30
E-1	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80	832.80
E-1*	770.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

C/S 9016.80 M/S 3908.90

* LESS THAN 4 MONTHS

HOUSING ALLOWANCE TABLES

Mr. CARR. Please also provide the current pay schedules for the basic allowance for quarters (BAQ), variable housing allowance (VHA), and overseas housing allowance, by pay grade and location.

[The information follows:]

Attached are current charts of basic allowance for quarters (BAQ), variable housing allowance (VHA), and overseas housing allowance (OHA).

BAQ does not vary by location, only by pay grade. The chart is provided.

VHA does vary by location, each of which is called a military housing area (MHA). Most unique locations incorporate several cities, towns, and even counties within a location. Some locations, because of sparse uniformed service populations, are merged into county cost groups (CCGs). Each CCG includes counties of the country with sparse uniformed service populations whose housing related cost data is similar, but insufficient to enable unique VHA rates to be derived. The VHA rates are computed by the DOD per diem, travel and transportation allowance committee. The VHA rate locations are provided and are keyed to cities and/or major military installations.

The OHA rates are provided by pay grade and area. The OHA rates are computed by the DOD per diem, travel and transportation allowance committee. OHA rates may change as often as monthly to accommodate currency exchange rate fluctuations in foreign areas. The Most recent printed OHA rates, incorporating printed change 88 to the joint federal travel regulations, volume 1, are attached.

[CLERK'S NOTE.—Due to the length of the VHA and OHA tables, they are being retained in the Committee's files.]

MONTHLY BAQ RATE

BAQ94

PAY GRADE	SINGLE FULL RATE	PARTIAL RATE*	MARRIED FULL RATE
O-10	730.50	50.70	899.10
O-9	730.50	50.70	899.10
O-8	730.50	50.70	899.10
O-7	730.50	50.70	899.10
O-6	670.20	39.60	809.70
O-5	645.30	33.00	780.30
O-4	598.20	26.70	687.90
O-3	479.40	22.20	569.40
O-2	380.10	17.70	486.30
O-1	320.10	13.20	434.40
O3E	517.50	22.20	611.70
O2E	440.10	17.70	552.00
O1E	378.30	13.20	510.00
W-5	607.50	25.20	663.90
W-4	539.70	25.20	608.70
W-3	453.60	20.70	558.00
W-2	402.60	15.19	513.30
W-1	337.20	13.80	444.00
E-9	443.40	18.60	584.10
E-8	407.10	15.30	538.50
E-7	347.40	12.00	500.10
E-6	314.70	9.90	462.30
E-5	290.10	8.70	415.50
E-4	252.30	8.10	361.50
E-3	247.80	7.80	336.30
E-2	201.30	7.20	320.10
E-1>4	179.10	6.90	320.10
E-4<4	179.10	6.90	320.10

NOTE:

* PAYMENT OF THE PARTIAL RATE OF BAQ AT THESE RATES TO MEMBERS OF THE UNIFORMED SERVICES WITHOUT DEPENDENTS WHO, UNDER TITLE 37 U.S.C.403(b) OR (c) ARE NOT ENTITLED TO THE FULL RATE OF BAQ, IS AUTHORIZED BY TITLE 37 U.S.C.1009(c)(2) AND PART IV OF EXECUTIVE ORDER 11157, AS AMENDED.

HOUSING ALLOWANCES

Mr. CARR. Do these locations differ from the list of high-cost geographic areas as established and updated by the General Services Administration? If so, why?

[The information follows:]

The only known list of high cost areas established and updated by the General Services Administration (GSA) is the list of areas in the continental United States for which per diem rates differ from the standard rate of $66 per day. The list and composition of locations in the United States in which the variable housing allowance (VHA) is paid, differs completely from the GSA list of areas.

The GSA list of high cost areas is derived from data related to the cost of temporary lodging (hotels, motels, etc.), meals taken at restaurants, and incidental expenses such as tips, laundry and dry cleaning. The list often groups several counties, cities, and towns with comparable temporary lodging, meals, and incidental costs into a single area. The premise of per diem is to provide reimbursement for the expenses associated with temporary travel away from the normal work site which necessitates remaining overnight in temporary lodging, taking meals and/or incurring incidental expenses away from the normal work site. These expenses are unrelated to those associated with housing costs for a 'permanent' residence near the work site.

The Office of Personnel Management (OPM) publishes a list of locality pay areas. This list provides the geographic groupings of locations used for the purpose of prescribing a Locality Pay Increase for civilian employees of the federal government. The list and composition of locations in the United States in which the variable housing allowance (VHA) is paid also differs completely from the OPM list of locality pay areas.

The OPM list of locality pay areas is derived from data collected by the Bureau of Labor Statistics (BLS) about salaries paid to non-federal employees. The location groupings are as small as a single city and as large as areas in several states. There is even one grouping which includes all areas of the 48 contiguous United States and the District of Columbia not listed in the other area groupings. Salaries paid to employees, not the cost of living, are considered.

The variable housing allowance (VHA) locations are generally created to coincide with the "bedroom" communities that surround military facilities. Exceptions are made, and composite groupings created, when there are a limited number of uniformed service personnel in an area and the housing related expenses they provide do not justify creation of a unique area grouping. The costs from which VHA is computed do not consider either the costs associated with temporary lodging, restaurant meals, or incidental expenses (as in the GSA list) nor the salaries paid to non-federal employees (as in the OPM list). The costs being incurred by uniformed service personnel for rent, utilities (except telephone) and maintenance form the basis for most VHA rates. In some areas, where there are sparse populations of uniformed service personnel, data from the Department of Housing and Urban Development is used to augment the information from uniformed service personnel.

BASIC ALLOWANCE FOR SUBSISTENCE TABLE

Mr. CARR. Please provide the current pay schedules showing rates of pay for the basic allowance for subsistence (BAS) by pay grade and years in service.

[The information follows:]

A copy of the BAS pay table as published by the Office of the Assistant Secretary of Defense (effective January 1, 1994) follows:

BASIC ALLOWANCE FOR SUBSISTENCE

FY 94

CASH/IN KIND

OFFICERS: 142.46/MONTH

ENLISTED MEMBERS:	E-1<4 MONTHS	ALL OTHER ENLISTED
WHEN ON LEAVE OR AUTHORIZED TO MESS SEPARATELY	6.28/DAY	6.80/DAY
WHEN RATIONS-IN-KIND ARE NOT AVAILABLE	7.08/DAY	7.67/DAY
WHEN ASSIGNED TO DUTY UNDER EMERGENCY CONDITIONS WHERE NO MESSING FACILITIES OF THE UNITED STATES ARE AVAILABLE	9.39/DAY	10.16/DAY

OASD(P&R)(MM&PP)COMPENSATION
1 JANUARY 1994 2.2%

REGULAR MILITARY COMPENSATION (RMC)

Mr. CARR. As currently defined in 37 U.S.C. 101, the term "regular military compensation" refers to certain pays and allowances, to wit: basic pay; BAQ/VHA/overseas housing allowance; BAS; and Federal income tax advantage. Please provide a table showing the average per capita payments made by the Coast Guard for regular military compensation in fiscal year 1993, by pay grade.

[The information follows:]

The Coast Guard does not maintain these figures. However, the Department of Defense (DoD) publishes a detailed regular military compensation (RMC) table that indicates the average RMC for each pay grade, for all personnel. This table is published in the DoD selected military compensation tables, January 1993 pay rates. The average applies to members stationed in the United States.

[CLERK'S NOTE.—This table was previously provided in response to an earlier question under the heading "Regular Military Compensation (RMC) Tables."]

SPECIAL PAY AND COMPENSATION

Mr. CARR. Please provide a table showing total Coast Guard obligations in fiscal year 1993 for special pays, incentive pays, attraction pays, and retention pays, by pay category.

[The information follows:]

The following table shows 1993 reported expenditures for special pays.

Category:	*Amount*
Responsibility pay	$141,135
Diving pay	48,557
Hostile fire/imminent danger pay	145,032
Sea pay	13,611,655
Certain places pay	151,171
Aviation career incentive pay	6,450,735
Hazardous duty incentive pay	6,028,477
Special duty assignment pay	1,785,260
Selective reenlistment bonuses	5,290,822
Total	$33,652,844

AVERAGE TOTAL EARNED COMPENSATION

Mr. CARR. Please provide a table showing average total earned compensation (RMC plus all special and incentive pays) for Coast Guard military personnel in fiscal year 1993, by pay grade.

[The information follows:]

The following table shows average total earned compensation, as requested.

Pay grade	RMC[1]	Special/incentive pay	Total
0–10	$131,368	0	$131,368
0–9	119,792	0	119,792
0–8	110,448	0	110,448
0–7	99,734	0	99,734
0–6	84,969	$867	85,836
0–5	71,525	1,441	72,966
0–4	59,136	1,551	60,687
0–3	47,302	1,865	49,167
0–2	37,783	1,050	38,833
0–1	28,354	232	28,586
W–4	53,759	557	54,316
W–3	45,271	562	45,833
W–2	39,104	693	39,797

Pay grade	RMC[1]	Special/incentive pay	Total
E–9	49,128	1,495	50,623
E–8	41,601	1,302	42,903
E–7	36,296	1,514	37,810
E–6	31,458	1,170	32,628
E–5	26,786	1,157	27,943
E–4	22,294	655	22,949
E–3	19,604	60	19,664
E–2	17,869	34	17,903
E–1	15,685	1	15,686

[1] RMC—Regular Military Compensation as defined by 37 U.S.C. 101.

MILITARY PC&B—FISCAL YEAR 1994

Mr. CARR. Object classes 11.7 and 12.2 (military pay and benefits) in the fiscal year 1994 President's budget totaled $1,122,242,000. When the military pay raise ($21,700,000) is added in from the Department of Defense Appropriations Act, 1994, the total becomes $1,143,942,000. However, the fiscal year 1994 column of the 1995 President's budget shows $1,228,677,000. This is $84.7 million more than is indicated by the above analysis. Why is there a difference?

[The information follows:]

The above reference to military pay and benefits estimates in the fiscal year 1994 column on page 27 of the fiscal year 1995 budget is incorrect. The sum of the referenced object classes total $1,154,352,000 not $1,228,667,000. When this error in the above question is adjusted out of the computation, the correct difference between the fiscal year 1994 President's budget and the fiscal year 1994 "enacted" column (in the 1995 budget) comes to $32.1 million (including the $21.7 million) not $84.7 million.

The $32.1 million difference between the fiscal year 1994 President's budget, and the fiscal year 1994 column of the fiscal year 1995 budget is the direct result of adjustments created by the fiscal year 1994 Department of Transportation Appropriations Act, in addition to the Department of Defense Appropriations Act, and adjustments resulting from actual fiscal year 1993 obligations.

AERONAUTICAL MAINTENANCE

Mr. CARR. According to the backup justification, the Coast Guard has included salaries for all federal employees at the Aircraft Repair and Supply Center under "aeronautical maintenance" instead of under "pay and allowances." Why?

[The information follows:]

The Aircraft Repair and Supply Center (AR&SC) provides depot level maintenance and repair support for the Coast Guard's aviation program, and is a designated Inventory Control Point. Including Federal employee salaries at the AR&SC under Aeronautical Maintenance allows more accurate tracking of the cost of this function. It also allows AR&SC to use accepted cost accounting methods to "capture" the full cost (i.e., labor, materials, and overhead) of inventory and services. This full cost information is used by management to evaluate whether a project should be done "in-house" or by a government contractor, which in turn requires the AR&SC to have the flexibility to "mix" in-house labor with contracting services.

Mr. CARR. What is the fiscal years 1994 and 1995 cost of those employees?

[The information follows:]

As indicated in the previous answer, the level of federal employee salaries at the Aircraft Repair and Supply Center (AR&SC) is subject to change based on decisions regarding the execution of projects "in-house" or through contracting. However, the Coast Guard estimates that federal employee salaries paid from AR&SC accounts in fiscal years 1994 and 1995 will total approximately $17.9 million and $18.7 million respectively.

Mr. CARR. Are there any other employees whose pay and benefits are not included under "pay and allowances"?

[The information follows:]

All other Operating Expenses funded positions, with the exception of federal wage grade (WG) positions, are included in the civilian category under personnel compensation, benefits and related costs. WG positions are included under Operations and Support.

Positions funded by other appropriations (Acquisition, Construction, and Improvements; Environmental Compliance and Restoration; etc.) are included in the applicable appropriation, and are not reflected in Operating Expenses appropriation figures.

ORDNANCE FUNDING

Mr. CARR. Why does the Coast Guard include "ordnance" under "vessel maintenance" and not under "ammunition and small arms"?

[The information follows:]

Ordnance includes all the items that make up a ship's armament—guns, ammunition, and all equipment needed to control, operate, and support the weapons. Small arms are defined as all rifles, pistols, revolvers, line-throwing guns, pyrotechnic pistols, machine guns, and other hand or shoulder-fired firearms, .50 caliber or below. Some ordnance costs are included under "vessel maintenance," some are included under "ammunition and small arms." Items under "vessel maintenance" include major equipment and parts used for maintenance and repair of ordnance and ordnance systems aboard vessels. Ordnance procurement is not included under "vessel maintenance." It is included under "ammunition and small arms."

VESSEL MAINTENANCE

Mr. CARR. What types of items are included as "operational equipment" under the "vessel maintenance" category?

[The information follows:]

The term "operational equipment" in the vessel maintenance category was meant to describe those major items that are part of the vessel that would not be described as either propulsion or ordnance items. The term "operational equipment," as used here, includes such items as generators, pumps, boat davits, switchboards, firefighting and damage control equipment and systems, etc.

FUEL AND ENERGY COSTS

Mr. CARR. Where are fuel and energy costs budgeted, and in what amounts for fiscal years 1994 and 1995?

[The information follows:]

Fuel and energy costs are budgeted in the Operating Expenses appropriation. The fiscal year 1994 and 1995 program, project & activity (PPA) subcategories for operations and support (PPA III), training centers and the Coast Guard Academy (PPA IV), and several headquarters Units (PPA V) allocate budgeted costs for fuel and energy directly to the PPA subcategory that ultimately consumes the fuel or energy.

We estimated $110,171,000 is needed in fiscal year 1994 and $114,100,000 in fiscal year 1995.

MIGRANT INTERDICTION COSTS

Mr. CARR. Your budget includes $44.56 million in fiscal year 1995 for migrant interdiction (11.6 percent of total "other law enforcement" budget of $384.1 million). What are the corresponding figures for fiscal years 1993 and 1994?

[The information follows:]

The figures cited in the question reflect a misinterpretation of the data provided. Coast Guard's fiscal year 1995 budget includes an estimated $304.3 million for migrant interdiction operation (11.6 percent of the total Operating Expenses budget and 29.5 percent of the total Law Enforcement portion of the Operating Expenses budget). The corresponding migrant interdiction figures for fiscal years 1993 and 1994 are $292.5 million and $298.9 million respectively.

The computer program used to estimate operating funds is called program budget model. The program budget model is a comprehensive tool used to approximate multi-mission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the program budget model is based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in fiscal year 1994 operating expenses obligations, from the fiscal year 1994 budget submission, were programmatically spread based on fiscal year 1992 operating data and support costs; whereas, the revised 1994 estimates reflected in the fiscal year 1995 budget submission are based on like information from fiscal year 1993.

MIGRANT INTERDICTION STATISTICS

Mr. CARR. Please provide some data indicating the work load and results of your migrant interdiction activities for each of the fiscal years 1992 through 1995.

[The information follows:]

Table 1 provides actual and projected cutter and aircraft resource hour totals, by fiscal year, in support of migrant interdiction operations.

Table 2 provides the actual number of migrants interdicted since fiscal year 1992. Results for migrant interdiction activities for fiscal year 1994 are current through February 28, 1994. Care must be exercised in interpreting the numbers of migrants interdicted as this measure does not capture the deterrent effect of the Coast Guard's patrol presence. There is no validated means of measuring this deterrence effect.

TABLE 1.—USCG MIGRANT INTERDICTION RESOURCE HOURS

	1992 actual	1993 actual	1994 projected	1995 projected
Cutter hours	30,907	65,101	61,000	61,000
Aircraft hours	6,586	18,091	15,800	15,500

TABLE 2.—USCG MIGRANT INTERDICTION RESULTS

	1992 total	1993 total	1994 thru 2/28/94
Total migrants interdicted	40,920	10,567	2,927
Haitian	37,618	4,270	789
Cuban	2,066	2,848	2,024
PRC	607	2,539	29
Dominican Republic	588	873	76

DRUG LAW ENFORCEMENT

Mr. CARR. Please provide data showing the Coast Guard's OE funded drug law enforcement costs for each of fiscal years 1990 through 1995.

[The information follows:]

Coast Guard funded drug law enforcement costs for fiscal years 1990 through 1995:

	Amount
1990 actual[1]	$515,400,000
1991 actual[1]	449,200,000
1992 actual[1]	352,600,000
1993 actual[1]	267,100,000

	Amount
1994 projected [2]	257,700,000
1995 planned [2]	250,400,000

[1] Developed using enacted funding levels distributed in proportion to actual cutter and aircraft operating hours, using a cost allocation model.

[2] Developed using congressional stage budget estimates and enacted funding levels distributed in proportion to fiscal year 1993 cutter and aircraft operating hours, using a cost allocation model.

Note: The computer program used to estimate operating funds is called Program Budget model. The Program Budget model is a comprehensive tool used to approximate multi-mission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the Program Budget model is based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in fiscal year 1994 operating expenses obligations, from the fiscal year 1994 budget submission, were programmatically spread based on *fiscal year 1992 operating data and support costs*; whereas, the revised 1994 estimates reflected in the fiscal year 1995 budget submission are based on like information from *fiscal year 1993.*

FISHERIES LAW ENFORCEMENT

Mr. CARR. Please provide similar data for fisheries' law enforcement.

[The information follows:]

The following table contains the Operating Expense (OE) funding history of the Coast Guard's living marine resource law enforcement mission for fiscal years 1990 to 1995:

	Amount
1990 actual [1]	$197,512
1991 actual [1]	235,642
1992 actual [1]	309,202
1993 actual [1]	376,026
1994 projected [2]	387,675
1995 planned [2]	396,049

[1] Developed using enacted funding levels distributed in proportion to actual cutter and aircraft operating hours, using a cost allocation model.

[2] Developed using congressional stage budget estimates and enacted funding levels distributed in proportion to fiscal year 1993 cutter and aircraft operating hours, using a cost allocation model.

HU–25 FALCON REDUCTIONS

Mr. CARR. The Coast Guard proposes to reduce 17 HU–25 Falcon jets from its inventory over fiscal years 1994 and 1996, including nine in fiscal year 1995. The current plan is to store these assets at Davis-Monthan Air Force Base in Arizona. Did the Coast Guard consider selling these assets instead, using those receipts to offset other budgetary needs?

[The information follows:]

The Coast Guard has not finalized disposition plans for HU–25 aircraft removed from service. Options being considered include storage for fleet attrition spares, storage to extend the service life of HU–25 fleet, salvage for critical spare parts, excessing under federal property disposal rules, and requesting legislative authority to allow sales with proceeds applied to aircraft category AC&I projects.

FALCON JET SENSOR UPGRADE

Mr. CARR. Why is the Coast Guard continuing the upgrade program for the HU–25 sensor suite, when so much of the Coast Guard's HU–25 fleet is being retired?

[The information follows:]

The sensor suite upgrade is needed to maintain multi-mission capability for only those HU–25 aircraft planned to remain in service over their service life. There are two HU–25 sensor projects requested in our fiscal year 1995 budget. The first project will replace the outdated and obsolete parts of the AIREYE sensor system on four HU–25B model aircraft. The second project will restore the HU–25C model aircraft, our most capable and newest aircraft, to full multi-mission capability by reinstalling a drop hatch. The aircraft that will be retired are older, less capable HU–25A model aircraft.

Upgrade of the HU–25B AIREYE sensor suite ensures availability and supportability of the AIREYE system beyond 1996, to meet a ready status 24 hours a day for search and rescue, oil pollution and ice mapping operations, thus maintaining national and international response and patrol capabilities. The project will permit Coast Guard airborne monitoring of oil spill incidents such as the *Exxon Valdez, Mega Borg,* the Arabian Gulf spill, and barge grounding off the coast of Puerto Rico. This capability enhances cleanup operations and reduces potential environmental damage.

The HU–25C sensor modification relocates the forward looking infrared (FLIR) sensor system to restore the in-flight drop capability. Reinstalling the drop hatch will restore full multi-mission capabilities to the HU–25C, which is the latest model HU–25 aircraft. The sensor system (forward looking infrared and APG–66 radar) meets program requirements in law enforcement and marine environmental protection for day and night classification, identification, and documentation. This sensor package combined with a drop hatch also makes the HU–25C an excellent search and rescue platform and law enforcement asset.

SEARCH AND RESCUE

Mr. CARR. In fiscal year 1992, the Coast Guard executed 52,645 search and rescue cases. Coast Guard aircraft handled only 14 percent of those cases yet accounted for 45 percent of the 5,547 lives saved by Coast Guard personnel. This would indicate that aircraft are efficient SAR assets compared to ships. How does the Coast Guard evaluate the relative benefits and costs of asset deployment for search and rescue?

[The information follows:]

In accordance with the National Search and Rescue (SAR) Manual, "search and rescue unit (SRU) [asset] selection is determined by case evaluation, SRU availability and distance from scene, and their capability of providing rapid and effective SAR services:

1. Aircraft normally provide better search platforms because they can cover an area more quickly and effectively.
2. Helicopters may provide the quickest form of assistance when recovery and transport to a medical facility are needed.
3. Boats and land vehicles can provide quick response close to their geographical location, and normally have more survivor space and unique SAR capabilities."

In emergency search and rescue cases, where the Coast Guard believes that lives and property are in imminent danger of being lost, the fastest capable resources available are dispatched to save them. In many cases where lives are in distress, aircraft are the quickest capable response resources available and therefore have the potential of saving a relatively high percentage of the lives available to be saved.

In cases where lives and property are not in imminent danger of being lost, assets are deployed based on evaluation of capability to accomplish the mission and their availability. All SAR system assets are considered, not just Coast Guard resources. The Coast Guard employs a mix of resources that vary greatly in their cost of operations but provide the necessary capability options to effectively prosecute SAR. The Coast Guard Auxiliary, AMVER vessels, commercial providers, Good Samaritans, and others also play vital parts in the total SAR response system.

In general, asset deployment is not evaluated based on a cost-benefit comparison, but rather what resource can most effectively accomplish the mission.

Mr. CARR. What research and development does the Coast Guard have under way to reduce cost-intensive search times in SAR cases, and better target the initial deployment of SAR assets?

[The information follows:]

The Coast Guard is conducting research to improve the location and detection of search and rescue (SAR) targets through improved techniques of drift prediction, visual search, electronic search, and search planning theory. Additionally, the Coast Guard is seeking to improve its ability to estimate the probability of search success, to develop improved SAR techniques and equipment, and to improve the feedback of post mission analysis into SAR preparation and planning. Projects currently underway for fiscal year 1994 include the following:

Computer Assisted Search Planning (CASP) Drift and Environmental Data: Integrate state-of-the art environmental files with the CASP system, including satellite data and datum marker buoy (DMB) drift data. Develop and identify regional models and data sources. Validate the internal current and drift computations in the CASP model. Validate environmental data files currently in use.

Datum Marker Buoy Development: Develop a state-of-the-art air deployable self-locating datum marker buoy (SLDMB) for use by Coast Guard Search units, which makes use of satellite navigation and communications. Develop real-time data handling and analysis techniques for the SLDMB. Develop techniques for data fusion with environmental files and satellite current data.

Satellite Derived Surface Currents: Evaluate potential uses of satellite derived imagery in SAR applications, especially for deriving surface current information.

Helicopter (HH–65) Night Vision Goggle (NVG) Validation/Target Illumination: Determine the performance of the night vision goggle compatible HH–65 aircraft relative to the helicopter. Formulate search planning guidance for these platforms. Determine the impact of search unit illumination on NVG detection performance.

In addition, the Coast Guard is working on the following projects designed to improve navigation, detection of objects, and communication, which will have an indirect impact on our ability to more quickly locate objects: APS–137 radar, different Global Positioning System, electronic chart display information system, and the operations information system.

Our 1995 request includes funds to begin evaluating the search parameters and performance characteristics of new Coast Guard platforms such as the 47-foot motor life boat and the 110-foot patrol boat to help increase the probability of success in SAR missions.

AMTRAK ACCIDENT—BAYOU CANOT

Mr. Carr. For the record, please provide a copy of the Secretary of Transportation's December 10, 1993, letter to the Congress and action plan in response to the derailment of Amtrak's Sunset Limited train near Mobile, Alabama, on September 22, 1993.

[The information follows:]

The Secretary of Transportation's letter to Congressman Dingell and the actions initiated by the Department of Transportation to enhance safety on the nation's transportation system follow:

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

December 10, 1993

The Honorable John D. Dingell
Chairman, Committee on Energy
and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On September 30, I wrote to the Congress outlining a series of safety reviews that I was initiating in the Department of Transportation, in response to the derailment of Amtrak's Sunset Limited near Mobile, Alabama. I now want to forward to you the resulting action plan that the Department is initiating in response to the tragic accident at Big Bayou Canot.

As you know, the National Transportation Safety Board is continuing its investigation into the probable cause of the September 22 accident. That investigation is expected to be completed early next year. I commend the Board for its work and, upon completion of the on-going investigation, look forward to receiving and promptly evaluating the Safety Board's recommendations.

In the interim, however, there are a number of critical safety initiatives identified in the Department's review of the Mobile accident and the subsequent emergency response that we believe should be undertaken immediately. These marine and rail safety initiatives are outlined in detail in the enclosed report. A separate set of actions designed to respond to recent highway-rail grade crossing accidents also is included in our action plan. In total, I believe these initiatives will enhance significantly the safety of our inland waterways and national system of railroads.

I am committed to ensuring that safety remains the Department of Transportation's highest priority. I firmly believe that the initiatives outlined in this package will help improve transportation safety, a process that will continue as the Department prepares its Coast Guard and rail safety authorization bills for submission to the Congress early next year. I look forward to working with you and others in the Congress in the months to come to enhance the safety of the traveling public.

Sincerely,

Federico Peña

Enclosure

Actions Initiated by the Department of Transportation to Enhance Safety on the Nation's Transportation System

I. Response to the Derailment of Amtrak's Sunset Limited

As a result of the fatal barge/railroad bridge accident near Mobile, Alabama on September 22, 1993, the Secretary of Transportation directed the U.S. Coast Guard and the Federal Railroad Administration (FRA) to review the circumstances surrounding the accident, and undertake initiatives to minimize the risk of any similar tragedy in the future.

The preliminary work has now been completed and the Department has developed an action plan involving five emphasis areas:

a. Developing more stringent licensing requirements for operators of uninspected towing vessels,

b. Upgrading the requirements for radar and navigational equipment on board such ships,

c. Improving the procedures whereby information concerning mishaps and collisions is reported,

d. Seeking new means by which the structural integrity of bridges can be checked, and actions taken if damage occurs,

e. Strengthening emergency preparedness, and enhancing the prospects for victims' survival if a crash occurs.

Some of these actions will require rulemaking or legislation, and others will involve building closer working relationships with Amtrak and the other railroads, as well as State and local governments.

A. Developing more stringent licensing requirements for operators of uninspected towing vessels. Licenses for operators of uninspected towing vessels *(inland tugs, and seagoing tugs below 300 gross tons, do not require Coast Guard inspection)* will be expanded to recognize different levels of qualification. The Coast Guard will initiate a series of rulemakings that will propose the following:

- Licensees who have only minimum basic qualifications should be restricted to those towing configurations, sizes and routes they are qualified to operate,
- Those who wish to increase the scope of their license should have to pass simulator courses and written examinations,
- All operators of radar-equipped towing vessels should be required to attend an approved radar observer training course,

- Applicants desiring to operate on midwestern and certain Gulf state river routes must acquire operating experience on that route and pass an appropriate examination,
- The equivalency between licensed masters and mates of ships, and those who operate uninspected towing vessels will be reassessed.

The Coast Guard will also emphasize the responsibility of towing vessel owners to employ qualified experienced personnel as operators in charge (or masters) of their vessels.

B. Upgrading the requirements for radar and navigational equipment on board uninspected towing vessels. The accident might have been avoided if the tug operator had known where he was in the fog, and his relation to the bridge. The presence of marine radar and other navigational equipment, and an operator proficient in their use, may have prevented the barge from striking the bridge.

- The Coast Guard will initiate rulemaking to determine whether all uninspected towing vessels should carry a marine radar system for surface navigation, as well as marine charts for the area to be transited and current or updated publications. In addition, the rulemaking should seek to identify areas of operation where a compass, depth finder and other instrumentation are necessary tools for safe navigation.
- The Coast Guard will amend the Aids to Navigation Manual to address specifically the need to consider approaches to bridges in the design for aids to navigation systems.
- The Coast Guard, together with the Maritime Administration (MARAD) will review the existing standards of the approved inland radar observer courses, to determine if the existing curriculum meets the operational and safety needs of the inland mariner. In addition, the review will also develop the standards necessary to reflect current technology.
- Each Coast Guard district will conduct a survey of all bridges under its jurisdiction and make case-by-case determinations regarding the adequacy of existing systems, the need for additional fendering systems, and possibly additional bridge lighting.
- The Coast Guard will hold discussions with Congressional staff to include in H.R. 3282 provisions to link the requirement for compasses and fathometers to the area of operation of a towing vessel.

C. Improving the procedures whereby information concerning mishaps and collisions is reported. A matter of significant concern is how quickly and effectively notification is given to authorities, work crews and response forces regarding such an episode.

- The Coast Guard will initiate rulemaking proposing to require that casualties be reported immediately (after the resulting safety concerns have been addressed). In addition, the rulemaking will indicate clearly that required notice of a hazardous condition includes conditions such as damage resulting from unintentional collisions of a vessel with a bridge or a shore structure.

- To the extent needed after vessel strikes, FRA will assist the Coast Guard (at the field office level) in identifying railroads that control operations over active railroad bridges and providing emergency telephone numbers.

- The Coast Guard will initiate discussions on amending H.R. 3282, or develop a separate legislative proposal, to increase the maximum civil penalty from $1,000 to $25,000 for failing to report a marine casualty as defined under 46 CFR 4.05-1.

- FRA has evaluated the need to strengthen procedures for verbal notification of railroad dispatching centers when bridges are struck and accidentally damaged by other transportation vessels or vehicles. It has determined that it is wise to vest coordination of bridge damage notification at a local level, rather than to attempt to pass information through centralized clearinghouses staffed by persons not familiar with the specific geography involved. Reliance on local resources is especially appropriate where, as in the case of the Mobile/Saraland accident, those most likely to make the report are not aware of their own precise location.

D. Seeking new means by which the structural integrity of bridges can be checked, and action taken if damage occurs. Following the accident, FRA conducted a 10-year analysis of previous train accidents involving bridge failures induced by damage from vessels and vehicles -- three involved bridges struck by highway vehicles and none by marine vessels. In 1992-3, FRA also reviewed railroad programs designed to ensure bridge structural safety, which indicated that most railroads, including all major railroads, have in place credible programs to inspect railroad bridges periodically and verify their structural integrity for loads allowed. The review also indicated the need to monitor the efforts of smaller railroads with respect to bridge safety.

- FRA is conducting a review of in-use or available automatic detection systems capable of identifying misalignment or other structural damage to railroad bridges and communicating warning through the signal system or by other means. This review is expected to be completed by the end of January 1994.

- FRA, in coordination with the Federal Highway Administration and the Coast Guard, is performing a technology review to ascertain whether new or emerging technologies offer the promise of more effective detection of bridge damage at lesser cost than traditional methods. This is also scheduled for completion by the end of January 1994.

- FRA will pursue the demonstration of any new technology that offers promise for more cost-effective application.

- FRA will include the issue of bridge damage in its analysis of incursions onto the railroad right-of-way under a forthcoming rulemaking on high speed rail. Lessons learned in this context may be transferable to conventional rail operations.

- FRA will adopt a policy for continuing effort in support of bridge structural safety by the end of 1993.

E. Strengthening emergency preparedness, and enhancing the prospects for victims' survival if a crash occurs. FRA has initiated, in coordination with Amtrak, a review of selected elements of emergency preparedness and response for passenger train accidents. They will

- Review Amtrak's standard onboard emergency equipment, including emergency lighting; availability and ease of operation of emergency exits through doors, windows, roof, etc.; fire extinguisher; first aid kit; crowbar; and sledge hammer. A comparison of Amtrak with commuter and selected foreign operations should be complete by early 1994.

- Review Amtrak's program to train local emergency responders and determine adequacy of Amtrak's current training material, which is prepared in videotape format. Amtrak has agreed to take a proactive approach in placing its training aids in the hands of emergency responders.

- Review procedures for providing additional emergency egress and other safety information to all passengers, such as using seat cards, video presentations, and public address announcements. Solutions will be evaluated for commuter rail and will be incorporated into revised passenger car safety standards when issued.

- Review and determine readiness of major railroad dispatching centers to respond to an emergency by promptly contacting local emergency responders in the affected jurisdiction.

FRA instituted a review of Amtrak crash survivability issues, including the performance of the locomotives involved in the Alabama accident regarding crash survivability. Although the locomotives remained intact, the accident was not survivable due to the forces involved and the location where the lead locomotive came to rest (under water). Fuel tanks on all three locomotives failed, but this accident was not a valid test of the new compartmentalized design which was expected to limit fuel loss under much less catastrophic circumstances.

II. Reinvigorating the Department's Safety Efforts Relating to Highway-Rail Grade Crossings.

Recent serious transportation accidents, and particularly highway-rail collisions, highlight the concern we each share for safety in the national transportation system. While great progress has been made over the years in reducing fatalities at highway-rail crossings, a vehicle and a train collide nearly every ninety minutes somewhere in the U.S.

In 1992, 579 individuals lost their lives in highway-rail crashes and nearly 2,000 others were injured. Collisions at highway-rail crossings are the leading cause of fatalities in the entire rail industry, far surpassing fatalities among rail passengers or employees. This is particularly disturbing because these accidents are preventable.

The Department is now preparing an action plan, to be completed within 60 days, to reinvigorate our safety efforts relating to highway-rail grade crossings. It will be based on the following initiatives:

- Develop integrated plans to safeguard the public through crossing closures, improved warning systems, better passive signage, grade separations, and other engineering improvements. Identify and promote specific system improvements at those crossings with active warning devices where, despite flashing lights or gates, 50 percent of fatalities occur.
- Review passive signage effectiveness and options.
- Review emergency notification procedures where crossing devices fail to work or vehicles are disabled at crossings.
- Ensure inclusion of crossing safety impacts in analysis of plans for Federally funded transportation projects.
- Increase public awareness by working with diverse groups such as Operation Lifesaver, Inc., the American Automobile Association, the National Association of Governors' Highway

Safety Representatives, and others to strengthen public outreach during 1994 and beyond.

- Complete promptly FRA rulemakings dealing with grade crossing warning signals (maintenance, inspection, and testing), and locomotive alerting lights.
- Evaluate the results of ongoing research and development for actions that can yield additional safety benefits (e.g., locomotive horn effectiveness, reflectorization of rolling stock, etc.) and review the R&D plan for crossing safety to ensure all affordable opportunities are exploited.
- Review the need for legislation or regulatory action to impose strict responsibilities on holders of private crossing rights commensurate with the crossing's risk to public users and rail operations.

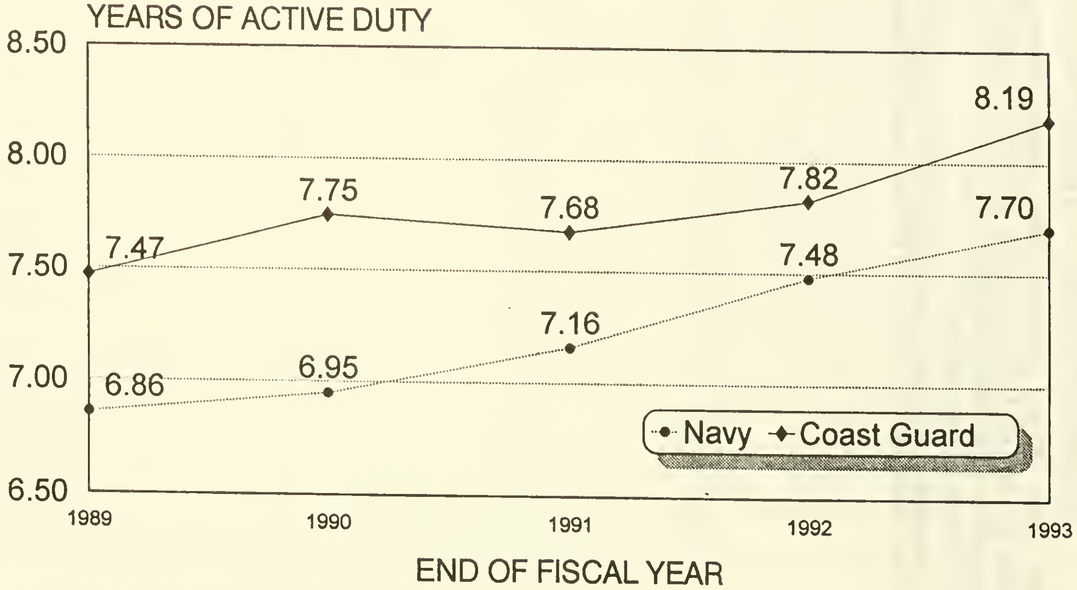
ENLISTED PERSONNEL—AVERAGE TIME IN SERVICE

Mr. Carr. Please provide a line graph showing average time in service for enlisted personnel in the Coast Guard and the Navy for fiscal years 1989 through 1993.

[The information follows:]

The following graph depicts the average time in service for enlisted personnel in the Coast Guard and Navy at the end of fiscal years 1989 through 1993.

ENLISTED PERSONNEL
AVERAGE TIME IN SERVICE

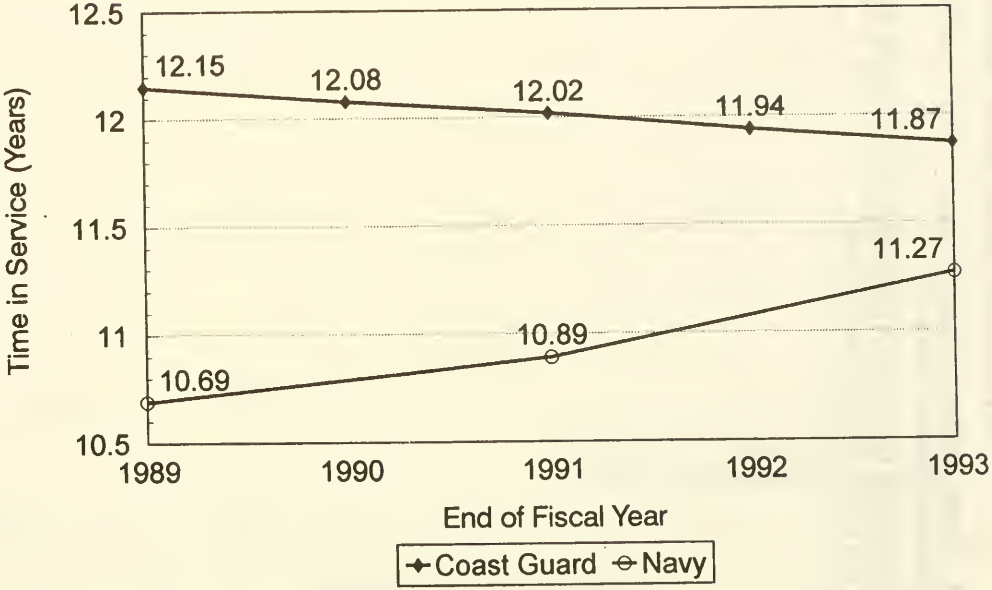


OFFICERS—AVERAGE TIME IN SERVICE

Mr. CARR. Please provide a similar chart for officers.
[The information follows:]

The following graph depicts the average time in service for officer personnel in the Coast Guard and Navy at the end of fiscal years 1989 through 1993. Note, Navy data was not available for 1990 and 1992.

OFFICER AVERAGE TIME IN SERVICE



Navy even years data not available.

LIVE ABOARD SAR BOAT

Mr. CARR. Please update the Committee on the status of the Coast Guard's evaluation of the Norwegian search and rescue station concept, the "live aboard SAR boat".

[The information follows:]

The Coast Guard completed a one year test and evaluation of the Norwegian Crewing (NORCREW) concept on September 30, 1993. An initial report was completed by the test and evaluation group on November 29, 1993. Based on the initial report, it appears that this concept will have limited application. Its use will be restricted to areas with low workload, with a commercial marina or other similar berth available for the NORCREW boat, where commercial maintenance is available, where the NORCREW unit is close to the parent unit, and where backup coverage is available from adjacent units. The Coast Guard's search and rescue program manager has conducted an initial review of the report and returned it to the test and evaluation group for additional work, primarily in the financial analysis portion of the report.

The Coast Guard has requested $2 million to procure two more NORCREW boats. Based on information gathered during the test and evaluation, the Coast Guard will select two additional locations it deems suitable for further implementation of the NORCREW concept.

REGULATORY PROCESS REVIEW

Mr. CARR. Last year, the Coast Guard was conducting an internal review of its regulatory development process, including a public meeting held in September 1993. What were the findings of that effort and what changes does the Coast Guard plan to put in place?

[The information follows:]

Results of the Coast Guard review of its internal regulatory development process showed that the procedures were sound, but modifications could accomplish two improvements: (1) enhanced public access to the rulemaking process, and (2) increased accountability and responsiveness in the drafting process. Revised procedures were approved by the Commandant on January 14, 1994.

The revised procedures institute several key reforms. Project managers are required to establish milestones for critical stages of rulemaking development and senior policy-making officials monitor how well project managers meet those milestones. A team approach for all rulemakings has been adopted that brings all the experts needed to develop a rule together at the rule's inception to cooperate in its development. The workplan now requires identification of points of contract for other interested offices within the Coast Guard. All of these improvements speed the rulemaking process and increase accountability for meeting projected development milestones.

The revised procedures were made possible, in part, by Executive Order 12866 which allowed Federal agencies to hold public meetings and consultations with the public even before rulemaking is initiated, a practice that had previously been discouraged by DOT policy.

These processes, if combined with the streamlined OMB review process, also established by the Executive Order, promise to speed the development of Coast Guard regulations for those projects that OMB waives from review. Based upon the criteria contained in the E.O., OMB review of most Coast Guard rulemakings could be reduced and speedy.

Mr. CARR. Are any cost savings expected from those changes?

[The information follows:]

No direct cost savings will result from these changes. However, by streamlining the process, industry will be able to make marketing decisions, respond in a timely way to market trends, shorten planning times, and take advantage of transient business opportunities.

The Coast Guard will benefit through the time savings associated with reduced external process review.

SMALL BOAT STATION STUDY

Mr. CARR. Please provide a detailed summary of the Coast Guard's "releveling study" regarding the closure of small boat stations.

[The information follows:]

The Coast Guard is in the final stages of using our recently approved Unit Change Guide to determine which stations to close in fiscal year 1995 as proposed in our budget request. We expect to forward the list to Congress by mid-May 1994 accompanied by a comprehensive report which describes the process used and provides a detailed summary of our releveling study.

Mr. CARR. Please summarize the methodology and criteria utilized by the Coast Guard in selecting which stations to close.

[The information follows:]

The Coast Guard is in the final stages of using our recently approved unit change guide to determine which stations to close in fiscal year 1995 as proposed in our budget request. We expect to forward the list to Congress by mid-May 1994 accompanied by a comprehensive report which describes the process to make this decision.

Mr. CARR. Please provide a list of billets at the locations to be closed and show the location where those billets will be transferred.

[The information follows:]

The Coast Guard is in the final stages of using our recently approved unit change guide to determine which stations to close in fiscal year 1995 as proposed in our budget request. We expect to forward the list to Congress by mid-May 1994 accompanied by a comprehensive report which describes the process used to make this decision and a list of billets at each location.

Mr. CARR. To what extent did availability of the newer HH–60 helicopter make these efficiencies possible?

[The information follows:]

The extent to which the availability of the newer HH–60 helicopter made these efficiencies possible is difficult to quantify. However, a primary criteria used to determine whether or not a particular small boat unit could be closed is an evaluation of the predicted change in the Coast Guard's ability to save lives if that unit is closed. During this evaluation, we determined the availability of other resources, (Coast Guard, other government agencies, commercial providers, etc.) to respond to search and rescue cases in the unit's area of responsibility. The capabilities of the HH–60 helicopter, which include increased range, cargo/passenger capacity, on-scene endurance, and ability to operate in severe weather were considered during this evaluation.

NAVAL ACADEMY PREP SCHOOL

Mr. CARR. There was a provision in last year's defense authorization bill, H.R. 2401, which would have lowered compensation for students at the Naval Academy Preparatory School coming from civilian life to be no more than the rate of compensation paid to cadets at the military service academies. Was this provision enacted into law? If so, what savings accrue to the Coast Guard from this change and where is that reflected in changes to the OE base in the fiscal year 1995 budget justifications?

[The information follows:]

The provision was enacted into law in November 1993 and will be applied to the NAPS class entering fall 1994. Based on the target number of civilians for future NAPS classes (72 percent), the Coast Guard estimates that the basic pay-related savings associated with this change will be $58,000. This savings was not reflected as a line item reduction to the Coast Guard's operating expenses base because this savings is uncertain and is highly dependent upon the military/civilian ratio of each class. This ratio, currently at 50 percent, varies significantly from class to class directly affecting the possible realized savings amount.

DISTRICT OFFICE CONSOLIDATION

Mr. CARR. In 1982 the Coast Guard proposed eliminating two district offices due to budget constraints. At that time, the Coast Guard said this action "would eliminate some redundancy of effort in administrative matters and have little or no impact on Coast Guard operations in either area." Did the Coast Guard consider consolidating district offices during the fiscal year 1995 budget process, and if not, why not?

[The information follows:]

In the development of the fiscal year 1995 budget, the Coast Guard did consider organizational changes. However, major organizational changes, such as consolidating district offices, requires thorough assessment on a comprehensive scale. Accordingly, the Coast Guard has chartered a study to identify alternatives to improve efficiency and service to customers, consistent with the National Performance Review and governmental streamlining initiatives. This comprehensive review will focus on the command, control and support infrastructure and will include an assessment about the mission, functions and reporting relationships of the major components, including district commands. The study team is scheduled to begin its work in June 1994.

DISTRICT OFFICE BUDGET AND STAFFING

Mr. CARR. Please show fiscal year 1993 through 1995 costs, by fiscal year, for operation of each district office, and include columns showing the number of authorized billets and current on-board strength at each office.

[The information follows:]

DISTRICT OFFICES FUNDING/STAFFING SUMMARY

[Dollars in thousands]

	Fiscal year 1993 PPA	Fiscal year 1994 PPA	Fiscal year 1995 PPA	Authorized billets	Current on board
D1	$4,766	$4,572	$4,764	225	222
D2	2,665	2,557	2,664	141	157
D5	13,703	13,146	13,698	205	217
D7	8,581	8,232	8,577	304	284
D8	5,848	5,610	5,846	192	199
D9	4,185	4,015	4,183	161	169
D11	10,097	9,686	10,093	203	193
D13	4,667	4,477	4,665	164	193
D14	1,325	1,272	1,325	139	139
D17	5,220	5,008	5,218	179	169
Total	61,059	58,574	61,033	1,913	1,942

Notes:

A—Funding is provided to District Offices for the command and control functions performed by Coast Guard District Commanders. This subcategory includes centrally managed and funded operations and support activities for all district operations such as search and rescue, enforcement of laws an treaties, aids to navigation, military readiness, and marine safety. It also includes centrally managed expenses which support the District's operational units, such as fuel and energy; search and rescue, aids to navigation and law enforcement equipment, supplies and materials; nonrecurring cutter and boat maintenance not covered at the depot-level; travel; printing; public affairs; personnel administration; legal assistance; Coast Guard Auxiliary support; district-wide housing maintenance; Federal wage grade employee salaries; etc. These centrally managed funds assist the Districts to realize economies of scale, standardization of equipment, and efficiencies in managing the Districts' operational units.

B—District funds releveled as a result of the District Budget Model and IRM/CGSW funds transferred to HQ for central management are primary reasons for 1993 to 1994 funding fluctuations.

C—Authorized billets and Current on Board are the current military strengths at each respective district office and do not include billets assigned to units within the districts.

DAY CARE CENTER—NEW LONDON, CT

Mr. CARR. I understand that the day care center at the Coast Guard Academy in New London, Connecticut, has not been meeting its enrollment expectations. What is the design capacity of this facility, how does that compare to current enrollment, and why is there a problem in meeting the design goal?

[The information follows:]

The child development center at the Coast Guard Academy was designed for 118 children. The current enrollment is 48 children, and the center is staffed for that enrollment level. There are three major reasons why the center is not currently operating at full capacity.

First, when the marketing survey was conducted to identify facilities already operating in the New London area to determine the need for another center, dialogues were held with Navy personnel at the Groton Submarine Base. At the time, 300 children were on the waiting list for child care at the Submarine Base. No decision was communicated to us about plans to construct an additional center at the base; nevertheless, the Navy did open a *second* center around March, 1993, accommodating many of the children on their waiting list.

Second, there is an additional issue with regard to attracting Navy families. Two provisions of the 1989 Military Child Care Act, covering only DoD child development services, expanded the number of appropriated fund positions at child development centers and required the Services to match parents fees with appropriated funds. As a result of this legislation, the Navy is charging parent fees that are only about 37 percent to 60 percent of those charged by our Academy center.

Third, the general expectation in the early childhood field is that it will take up to 2 years for any new facility to operate at full capacity. The child development center at the Academy opened September 13, 1993.

We are conducting a campaign and results are being seen in additional enrollment at the Academy center.

Mr. CARR. At the time this facility was requested a few years ago, the Coast Guard presented market surveys which showed prevailing market rates for day care in the New London area of $140 to $160 per week per child. Since Navy facilities were full, it was believed that a Coast Guard-owned day care would receive its maximum usage. What rates are you charging Coast Guard families for use of this facility?

[The information follows:]

All Coast Guard centers have rates based on total family income. The Coast Guard rates listed below are 85% of the current prevailing charges at *commercial facilities* in the New London area. For comparison purposes, we have also included the Department of Defense (DoD) children development center fee schedule, which shows the effect on parent fees of the additional funding authority made available to DoD in the 1989 Military Child Care Act. This authority is the basis for the differences in fees at our Academy and those charged at the Navy Base, as referred to in the previous question.

FEE Schedule for CG Academy Child Development Center

Total family income:	*Weekly rate*
$0 to $11,000	$94.00
$11,000 to $27,000	100.00
$27,000 to $40,000	108.00
$40,000 to $55,000	116.00
Above $55,000	125.00

DOD 1993 CHILD DEVELOPMENT CENTER FEE SCHEDULE

Total family income	Weekly rate	High-cost area
Up to $23,000	$35–44	$38–47
$23,001 to 34,000	43–54	48–58
$43,001 to 44,000	53–74	59–69
$44,001 to 55,000	66–74	70–80
$55,001 and above	75–86	81–90

LORAN-C

Mr. CARR. In view of the substantial investment that the Coast Guard and the user community have made in Loran-C, tell us what the Coast Guard's policy is with regard to continuing to operate and support Loran during the transition to satellite technology over the next decade?

[The information follows:]

The Coast Guard's policy is to operate and support the LORAN-C system in accordance with the federal radionavigation plan (FRP). The FRP is a biennial, joint Department of Defense and Department of Transportation developed publication that provides intra-governmental coordination of radionavigation requirements. The 1992 plan projects that LORAN-C will be operated until 2015. However, we envision the user community moving to satellite technology at a rate which may allow the domestic Loran-C program to be terminated earlier than 2015. During the public hearings process for the 1994 version of the FRP, the Coast Guard solicited user input on the possibility of an accelerated termination of the domestic LORAN-C program. The Coast Guard will monitor the development of the 1994 FRP and plan the future of the domestic LORAN-C system accordingly.

Mr. CARR. Over the years, the Coast Guard has reduced personnel assigned to Loran transmitter sites. In view of tight budgets, couldn't operating costs be substantially reduced by using civilian caretakers at most stations, as is done with similar equipment in other countries?

[The information follows:]

When the Coast Guard reduced staffing to current levels, it was as a result of a number of management studies and technical/equipment upgrades. Equipment upgrades included the replacement of five tube transmitters with more modern solid state transmitters, and the introduction of the remote operating system to nearly all CONUS Loran-C stations between 1983 and 1987. At the same time these changes were being made, staffing reductions also resulted from the OMB Circular A–76 review process. During the A–76 review process, as it applied to providing a radionavigation service, it was determined that a significant portion of the operation and control of such a service was inherently a governmental function, and one that could not be contracted.

With regard to comparison to similar equipment in other countries, the Coast Guard's Loran-C equipment suites (both tube and solid state transmitters) are not the same as equipment in countries which have reduced their staffing requirements below those of the Coast Guard. For the Coast Guard to take such action, automation of ancillary equipment, as well as complete conversion to solid state technology would be necessary.

DIFFERENTIAL GPS

Mr. CARR. The Coast Guard is implementing a differential GPS service along the coast and along some inland waterways. Since these will be full-time navigation services, not simply position fixing aids, what long-term tests and assessments have been made to ensure that these installations will have the required signal availability and integrity to meet navigation safety requirements 24 hours a day and in all kinds of weather conditions?

[The information follows:]

The Coast Guard has designed the Differential GPS (DGPS) service to ensure the required signal availability and integrity are provided. Extensive analysis and field tests conducted since 1983 have resulted in a system design that will meet the requirements of a harbor and harbor approach radionavigation service. The Coast Guard has been operating and monitoring a network of prototype DGPS stations to ensure that the system will meet user requirements. The operation of these sites has helped optimize the service by providing real-world evaluation of new techniques and equipment in areas of contrasting atmospheric noise and signal propagation. In assessing a DGPS prototype site fielded with the latest techniques and equipment, the Topographic Engineering Center of the Army Corps of Engineers has independently verified that the Coast Guard's Differential GPS System can provide accuracy on the order of one meter at reliability levels of 99 percent.

LORAN AUGMENTATION OF GPS

Mr. CARR. I understand recent technical work has shown that it is possible for GPS differential corrections and integrity messages to be provided to users over the existing Loran network. This would seem to be a multimodal service which could utilize existing investment and infrastructure at much less cost to the government and users than either the network the Coast Guard is implementing or the supplementary satellites being researched as GPS augmentation. Has the Coast Guard examined the costs and benefits of this Loran augmentation of GPS?

[The information follows:]

Yes, recent theoretical technical work has been done in this area, but it is based on several premises which are not generally accepted by the technical community. Even if the technique were proven, the best level of accuracy that would be achievable in the real world would be in the 15 meter range, and only in limited areas. This would not meet the accuracy requirements for navigation in most harbor and harbor approach areas or many Coast Guard requirements. Nor would it meet the requirements of some other government agencies such as the Army Corps of Engineers, which has entered into a Memorandum of Agreement with the Coast Guard and is planning to use the Coast Guard's Differential Global Positioning System (DGPS) service in river maintenance projects and is cooperating with the Coast Guard in the establishment of some DGPS sites. Additionally, because of the low data rate which Loran-C can provide, it can't meet the "time to alarm" integrity requirements of navigation users nor support the integrity features required by the internationally sanctioned format for maritime differential broadcasts. In fact, the critical issue of integrity has not been addressed at all in the proposal.

The DGPS system which the Coast Guard is implementing has achieved a one meter level of accuracy over distances exceeding one hundred miles. This very high level of accuracy is attracting a wide variety of land and water-borne users which could not be served by a Loran-based system. The Coast Guard's DGPS service also uses fully automated sites, which require no staffing, unlike Loran-C stations. Moreover, GPS requires a much less maintenance- and capital-intensive infrastructure than the Loran-C network.

The application of both differential Loran-C and DGPS will be assessed in a DOT study of GPS augmentation services under development or deployment. The DOT study is scheduled to be completed by 30 September 1994 and will recommend the best GPS augmentation system or optimum mix of such services to meet military and civil multimodal needs.

OIL SPILL CASES—COLLECTIONS

Mr. CARR. After the Coast Guard identifies the responsible party for an oil spill, the service attempts to compel that party to pay the costs of the spill cleanup. Currently, the only enforcement tool available is litigation through the Department of Justice, which may take several years to come to trial even if they pursue prosecution. In addition, since the average spill costs only $22,000 to clean up, there is little incentive to go after many responsible parties.

Administrative remedies are clearly needed. To address this problem, the Coast Guard was investigating alternative collection measures such as IRS offsets and use of collection agencies. Has the service reached agreement on which measures to pursue, and if so, which of them require legislation?

[The information follows:]

The Coast Guard has not yet concluded studies of administrative collection methods for oil spill cost recovery. Thus no legislation is required at this time.

OIL SPILL CLEAN-UP COSTS BILLED TO THIRD PARTIES

Mr. CARR. Please provide financial data showing the nonpenalty amounts billed by the Coast Guard to responsible parties, the amounts recovered, and the corresponding ratio, for fiscal years 1991 through 1993.

[The information follows:]

The amounts billed to responsible parties are for oil pollution removal costs and claims. The table reflects non-penalty dollars billed, amounts recovered, and percentages of amounts billed that have been recovered for cases opened in fiscal years 1991, 1992 and 1993.

Fiscal year	Billed	Recovered	Recovery ratio (percent)
1991	$12,145,000	$7,791,000	64
1992	6,092,000	1,437,000	24
1993	3,033,000	332,000	11

Recoveries lag billings for a considerable period, due to the time required to complete cost recovery procedures. For those Oil Pollution Act cases where a responsible party was identified and the cost recovery process is complete, the amount recovered is approximately 87 percent of the amount billed.

Mr. CARR. Please provide a similar table showing penalty amounts.

[The information follows:]

The information is provided below. However, the "ratio" between amounts assessed and collected for 1991 and 1992 should not be considered as having statistical significance. For these two years the amount assessed is for the specific fiscal year only, while the amount collected is the total dollars collected during the year. This amount can include collections for assessments made in prior years, but settled in the collected year. Therefore this ratio can exceed 100 percent.

The second table reflects 1993 data and a change in the assessed to collected relationship. In 1993 the data collection process was refined to link dollars collected to the specific year in which the corresponding "assessment" was made. This linkage was not made retroactively. This table also expands the categories to identify assessed amounts which would not be collected.

STATUS OF CIVIL PENALTIES ASSESSED AND COLLECTED FOR DEPOSIT IN THE OSLTF DURING FY91/2

Fiscal year	Assessed	Collected	Ratio (percent)
1991	$1,865,430	$1,982,450	106
1992	2,697,002	1,930,634	79

STATUS OF CIVIL PENALTIES ASSESSED AND COLLECTED FOR DEPOSIT IN THE OSLTF DURING FISCAL YEAR 1993

Assessed, $5,655,345; closed as not collectible, $49,450; closed for legal insufficiency, $167,200; closed ration 3.8 percent; collected, $4,994,770; ratio 88.3 percent.

SATELLITE DETECTION OF MARINE POLLUTANTS

Mr. CARR. In a recent report to the Congress, the Coast Guard noted that there was an item in the fiscal year 1995 budget for a feasibility study on the possible use of satellite technology to detect MARPOL pollutants. Please discuss the objectives of this study and state the estimated cost by fiscal year.

[The information follows:]

The study would determine the practicality of using government-controlled satellites, or high altitude reconnaissance aircraft (national assets) to monitor U.S. vessel traffic lanes out to 200 miles, for discharges of plastics/trash, and oil in violation of Marine Pollution (MARPOL) Annex I and V.

This study was originally included in the Coast Guard's fiscal year 1995 Research, Development, Test and Evaluation (RDT&E) budget request at an estimated cost of $210,000; however, funding for the study was not included in the President's budget. We plan to request funds for this effort in a future budget.

The Coast Guard has been actively working with the Government Applications Task Force (GATF) on the issue of utilizing national assets for MARPOL and other environmental crime detection. The GATF plans to file a report with the House of Representatives on May 1, 1994.

VTS SYSTEMS—OPERATING COSTS

Mr. CARR. The Committee understands that, once all current and VTS 2000 systems are commissioned, the operating and maintenance costs to the Coast Guard could be very high. Is this accurate, and if so, has the Coast Guard analyzed the effect of such increases on the ability to finance other Coast Guard missions?

[The information follows:]

The estimate of $300 million to $500 million for annual operating and maintenance costs for vessel traffic service (VTS) 2000 systems is inaccurate.

Estimated annual outyear operations, maintenance and personnel costs for all 17 VTS 2000 ports and the Land Based Support Facility (LBSF) is $30 million for personnel and $22 million for operations and maintenance. While this is considerably less than $300–$500 million, it will still have a significant effect on future budgets, allocation of resources and mission priorities.

The Coast Guard is analyzing affordability issues associated with VTS 2000 such as maintenance, staffing, and training for these increasingly complex systems. We will work with the VTS 2000 systems integration contractor to reduce system lifecycle costs, and we will continue to search for system efficiencies.

GAMBLING VESSELS

Mr. CARR. Are local contingency plans to handle a serious marine accident on a large gambling vessel—a new category of high-capacity passenger vessel—adequate for the risk, and have these plans been tested?

[The information follows:]

A Mississippi River gaming boat search and rescue exercise was held on January 30, 1994. A report and evaluation of the search and rescue exercise has been completed and is in the final review and approval stage. The results will be made available as soon as the report is approved.

Mr. CARR. Which states and localities currently have such vessels in operation, and what information do you have about possible future operations?

[The information follows:]

There are presently 19 Coast Guard inspected gambling vessels. The distribution of these vessels by state and port is:

State/location:	*Number of vessels*
Iowa (Sioux City, Davenport, Clinton)	3
Missouri (St. Joseph, St. Charles, St. Genevieve, Riverside)	4
Illinois (Rock Island, East Peoria, East St. Louis, Alton, Galena, Metropolis)	6
Kentucky (Louisville)	1
Tennessee (Memphis)	2
Pennsylvania (Pittsburgh)	1
Louisiana (New Orleans)	2

There are presently 53 gambling vessels under construction or conversion, which require Coast Guard inspections. They are scheduled to be delivered in 1994 or 1995. The distribution of these vessels by state is:

State:	*Number of vessels*
Indiana	3
Missouri	11
Illinois	5
Tennessee	2
Louisiana	17
Georgia	1
Florida	1
Great Lakes	1
Unknown	12

BRIDGES RISK ASSESSMENT

Mr. CARR. What is the status of the "bridge risk assessment" review of bridges over navigable waters being conducted by the Coast Guard?

[The information follows:]

The bridge risk assessment, methodology, and criteria utilized to review candidates for alteration under the Truman-Hobbs Act was completed in February 1992. This methodology and criteria is contained in Chapter 6 of the Coast Guard Bridge Administration Manual. Chapter 6 addresses the following major factors which are taken into consideration in identifying, investigating, and prioritizing bridge alteration projects: accident history of bridge, severity of damage resulting from accidents, type and amount of cargo transiting through the bridge, economic impact to the navigation industry, environmental consequences that may result from an accident, benefits to navigation, risk of the bridge being hit and collapsing, and risk and savings due to avoidance of allision risk.

As a result of the AMTRAK Sunset Limited train accident involving the Big Bayou Canot bridge, the Coast Guard initiated a nationwide survey of bridges across navigable waters of the United States to determine the adequacy of bridge fendering and lighting systems. This survey, which is expected to be completed in August 1994, is focusing on bridges spanning navigable waters used by commercial navigation, including those tributaries/backwaters, such as Bayou Canot, used as barge fleeting areas or that are of sufficient depth and width to allow commercial navigation access to bridge sites. The key survey criteria are:

1. Location of the bridge. Priority shall be given to bridges carrying passenger train traffic and heavy commuter highway traffic.
2. Difficulties in navigating the bridge.
3. Accident history at the bridge site or at adjacent bridges in the area.
4. Severity of damage resulting from past accidents with bridges in the area.
5. Number and type of vessels and amount and type of cargo transiting through the bridge site.
6. Type and volume of nighttime navigation transiting the bridge site.
7. Nature of the waterway and prevalent atmospheric conditions.
8. Possible environmental/economic impact that may result from an accident.
9. Proximity of bridge location to waterways that carry commercial navigation and the possibility of entering the waterway by error during inclement weather or reduced visibility conditions.
10. Depth and width of the waterway and other conditions that may allow navigation to access the bridge site.

UNINSPECTED TOWING VESSEL REGULATIONS

Mr. CARR. When the Towing Vessel Licensing Act of 1972 was enacted, the Coast Guard promised to develop a system to collect casualty information to analyze towboat accidents in order to evaluate the towing operator license regulations and ensure that such operators had proper qualifications. What changes have been made to the license regulations and the examination for the operator of uninspected towing vessel license since the enactment of that law?

[The information follows:]

The licensing regulations, 46 CFR Part 10, were completely rewritten and became effective in December 1987. The new regulations updated the knowledge requirements needed to qualify for a license as an operator of uninspected towing vessels.

The examinations were reviewed and updated in conjunction with the new regulations. The staff that develop the examinations had recently been reorganized to include licensed mariners with practical experience. Two members of the staff had experience with the towing industry. This resulted in improved examinations that reflect the degree of knowledge required for an operator's license.

The foundation for the new examinations that were developed in 1987 remains in place today even though individual examinations are frequently changed.

In December 1993, the Coast Guard published the report, "Licensing 2000 and Beyond" recommending a change in testing emphasis from an examination to a practical demonstration of skill and training. An implementation plan for these changes is being developed.

Mr. CARR. In light of preliminary information from the Bayou Canot Amtrak accident, has the Coast Guard instituted any interim requirements to upgrade the radar skills for deck licensed personnel on uninspected vessels of less than 300 gross tons?

[The information follows:]

No, however, a review of radar courses currently offered is in progress and will be completed by August 1994.

Following the Amtrak casualty, the Secretary of Transportation directed a thorough review of the safety issues involving uninspected towing vessels. The review included two recommendations about radar. The first recommendation required a complete review of the courses leading to an endorsement as Radar Observer to ensure they reflect current techniques and the latest technology. The second recommendation was that all licensed operators of uninspected towing vessels of over 26 feet in length be certified as a radar observer.

Regulations requiring that operators have a radar observer certification have been given a high priority, and the regulatory action is expected this summer.

Mr. CARR. Has the service instituted any interim requirements regarding navigation equipment on uninspected vessels (e.g., charts, compass, radar)?

[The information follows:]

No, however, development of these requirements is a high priority. Regulatory action is expected this summer.

Following the Amtrak casualty, the Coast Guard thoroughly reviewed the safety issues involving uninspected towing vessels. The review recommended that uninspected towing vessels be required to carry radar and the appropriate charts and navigation publications for the waters being navigated.

ENLISTED PERSONNEL TO ADMIRAL RATIO

Mr. CARR. In January 1989, the Congressional Research Service advised the Committee that the ratio of enlisted personnel to admirals was 1,936 to 1 for the U.S. Navy and 1,125 for the Coast Guard. In other words, the personnel span of control for each admiral in the Coast Guard is much less than it is for the Navy. According to DOD and Coast Guard data as of September 30, 1993, the ratio was 1,854 to 1 for the Navy and 993 to 1 for the Coast Guard. Why is it necessary for the Coast Guard to have so many more admirals, relative to the enlisted work force they oversee, compared to the U.S. Navy?

[The information follows:]

The number of Coast Guard (flag officers has increased in recent years from 28 (beginning fiscal year 1989) to the present 32 (one 0–10, four 0–9, fourteen 0–8, and thirteen 0–7) resulting in a decrease to the enlisted-to-flag ratio. This change in the number of flags is a result of adding flag billets at Joint Task Force (JTF) 4, JTF5, Department of Transportation Intelligence & Security, and the new Military Personnel Command (MPC). The MPC billet was created as part of a reorganization, while the other three are a result of Coast Guard law enforcement and regulatory responsibilities. The Coast Guard closely manages the number of flag billets utilized. By law we are authorized to have 0.375 percent of the Officer Corps as 0–7's and 0.375 percent as 0–8's (14 USC 42(b)). This equates to 22 flag officers in each of the 0–7 and 0–8 paygrades. Therefore, the Coast Guard is currently seventeen flags below the maximum legally allowed.

The higher flag-to-enlisted ratio is consistent with the total officer-to-enlisted ratios of the Coast Guard and the U.S. Navy. The Coast Guard total enlisted-to-officer ratio of 4.1 to 1 is lower than the U.S. Navy ratio of 6.6 to 1 and has historically been so. This enlisted-to-officer ratio issue was last examined in 1982. The study showed that the Coast Guard's regulatory responsibilities required a large number of officers. This trend continues as our regulatory and administrative duties have significantly increased since the early 1980's. The study also concluded that it is not meaningful to compare Coast Guard ratios to the Department of Defense (DOD) services. The DOD services have far more operational units where low enlisted-to-officer ratios normally exist.

Mr. CARR. Why has the Coast Guard ratio of enlisted to admirals declined by 10 percent since 1989?

[The information follows:]

Currently the size of the enlisted workforce is roughly the same as it was at the beginning of fiscal year 1989 (approx. 30,300), while the number of admirals has changed from 28 (beginning fiscal year 1989) to 32 (one 0–10, four 0–9, fourteen 0–8, and thirteen 0–7). This change in the number of flag officers is a result of adding flag billets at Joint Task Force 4, Joint Task Force 5, DOT Intelligence & Security, and the new Military Personnel Command (MPC).

The Coast Guard has always closely managed the number of flag officer billets utilized. The Coast Guard is legally authorized to have 0.375 percent of the Officer Corp as 0–7's and 0.375 percent as 0–8's (14 USC 42(b)). This equates to 22 flags in each of the 0–7 and 0–8 paygrades. Therefore, the Coast Guard is authorized seventeen more flag Officer billets than currently utilized.

DRUG USE SURVEY—NIDA

Mr. CARR. For the record, please provide a copy of the executive summary from the most recent survey of drug use by college students and young adults sponsored by the National Institute of Drug Abuse (NIDA).

[The information follows:]

Answer. The following 1992 NIDA media advisory/executive summary of the survey of drug use by college students and young adults. The 1993 NIDA media advisory/executive summary and 1993 monitoring the future survey are to be published in May 1994.

NIDA
NATIONAL INSTITUTE
ON DRUG ABUSE

MEDIA ADVISORY

Issued by the Press Office of the National Institute on Drug Abuse 5600 Fishers Lane, Rockville, Maryland 20857 301-443-6245

FOR IMMEDIATE RELEASE
Thursday, July 15, 1993

Contact: Mona W. Brown
Karen Rogich
(301)443-6245

For the first year since 1985, long term declines in overall illicit drug use among young adults and college students did not continue in 1992 according to a survey released today by the National Institute on Drug Abuse. The 1992 Monitoring the Future Survey found no statistically significant changes between 1991 and 1992 in annual or current use (use within the past 30 days) in rates of use for any of the drugs surveyed.

The survey found that 28.3 percent of young adults (aged 19-28) had used an illicit drug in the past year, up slightly, but not statistically significant, from 27.0 percent in 1991. Some 5.7 percent of young adults reported annual use of cocaine, down slightly, but not statistically significant, from 6.2 percent in 1991, but down significantly from 19.7 percent in 1986. Annual use of marijuana increased slightly, but not statistically significant from 23.8 percent in 1991 to 25.2 percent in 1992.

The Monitoring the Future Survey is the only national survey of drug use among college students. The 1992 survey found that 30.6 percent of college

(More)

students reported having used an illicit drug within the past year, compared to 29.1 percent of young adults about the same age but not in college.

The survey found a statistically significant increase in the percentage of college students who had used hallucinogens, including LSD, within the past month. Current use of hallucinogens increased from 1.2 percent in 1991 to 2.3 percent in 1992. Current use of LSD increased from 0.8 percent in 1991 to 1.8 percent in 1992.

The use of alcohol continued a long term decline with a statistically significant decrease in current use from 74.7 percent to 71.4 percent among college students and a statistically significant decrease from 70.6 percent to 69.0 percent among all young adults. The survey found that 41.4 percent (a non-significant decrease from 1991) of full-time college students reported binge drinking (having 5 or more drinks in a row in the past 2 weeks) while 32.5 percent of those not in college reported binge drinking.

The findings on drug use among young adults and college students are from the Monitoring the Future Survey, conducted annually since 1975 by the University of Michigan's Institute for Social Research. Monitoring the Future

(More)

Survey findings on drug use among 8th graders, tenth graders, and high school seniors were released in April 1993.

In releasing the findings, Mr. Richard A. Millstein, acting director of NIDA, said, "Both the findings presented today, and those for 8th graders released in April, reinforce the need for research on the causes and consequences of drug abuse, the most effective ways to educate the public about these adverse consequences, and development of effective treatment approaches for those who develop drug abuse problems."

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NIDA MEDIA ADVISORY/EXECUTIVE SUMMARY

Mr. CARR. Please also provide the executive summary from the study volume relating to high school students.

[The information follows:]

The following 1993 NIDA Media Advisory/Executive Summary of the survey of drug use by high school students.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Monday, January 31, 1994

Contact: Mona Brown
Karen Rogich
NIDA Press Office 301-443-6245

Illicit drug use by adolescents increased significantly between 1992 and 1993, representing a reversal of downward trends observed for several years. Findings from the 1993 Monitoring the Future Survey, an annual survey of drug use among adolescents, show that illicit drug use is consistently up for 8th, 10th and 12th graders for most of the drugs measured.

"These findings are more than a warning signal. They are an urgent alarm we must heed at once," said HHS Secretary Donna E. Shalala.

"Every new generation of young people needs to hear and understand the same clear and unambiguous message: Drugs are harmful. Drugs are deadly. Drugs are illegal. Drugs will destroy your life."

Shalala said that she is contacting the presidents of broadcast networks, movie studios, record companies and professional sports leagues "asking them to rededicate themselves to getting the message out about prevention."

Lee P. Brown, director of the Office of National Drug Control Policy, said the findings show "we must strengthen and improve our prevention and education efforts." He announced he will convene a national meeting of experts in the field of

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prevention and drug education for recommendations on confronting youth drug abuse.

"This Administration will not allow another generation of youth to be captured by illicit drugs and begin a new cycle of drug use and dependency," he said.

Education Secretary Richard Riley also joined in releasing the report and discussed increased commitment in education funding and programs designed to "offer children alternatives to the deadly lure of drugs."

According to the survey, sponsored annually since 1975 by the National Institute on Drug Abuse, there was an increase in the percentage of high school seniors who had used an illicit drug at least once by the time they reached their senior year of high school. The 1993 increase reverses a downward trend of drug use by 12th graders that began in 1981.

Lifetime prevalence of any illicit drug use increased from 40.7 percent in 1992 to 42.9 percent in 1993, still far below the peak level of 65.6 percent in 1981.

Use of any illicit drug in the past year (annual use) by high school seniors increased from 27.1 percent in 1992 to 31.0 percent in 1993 after steadily declining from a peak of 54.2 percent in 1979. The percentage of seniors who had used an illicit drug within the past month (current use) increased from 14.4 percent in 1992 to 18.3 percent in 1993.

The use of marijuana increased among 8th, 10th and 12th graders in 1993; however, for 12th graders, the rates are still well below the high levels during the peak years (1978-1979). In 1993, 35.3 percent of seniors had used marijuana at least once, up from 32.6 percent in 1992. Annual use of marijuana among high school seniors peaked at 50.8 percent in 1979 and had decreased steadily to 21.9 percent in 1992.

In 1993, annual use of marijuana among 12th graders increased to 26.0 percent. Current use increased from 11.9 percent in 1992 to 15.5 percent in 1993. The percentage of 10th graders who had used marijuana at least once increased from 21.4 percent to 24.4 percent between 1992 and 1993. Annual use among 10th graders increased from 15.2 percent to 19.2 percent and current use increased from 8.1 percent to 10.9 percent.

Following increases reported in 1992, lifetime and annual use of marijuana among 8th graders continued to rise in 1993. Lifetime use increased from 11.2 percent to 12.6 percent; annual use increased from 7.2 percent to 9.2 percent; and in 1993, current use increased from 3.7 percent to 5.1 percent.

The use of cocaine (crack and powder form) remained level among 8th, 10th and 12th graders between 1992 and 1993.

There was a statistically significant increase in the use of LSD among high school seniors. In 1993, 10.3 percent of seniors had tried LSD at least once in their lifetimes, up from 8.6 percent in 1992. Annual use of LSD by seniors increased from 5.6 percent in 1992 to 6.8 percent in 1993, nearing the level of use during the peak years of the mid 1970s. Annual use of LSD remained around 2 percent among 8th graders and around 4 percent for 10th graders in 1992 and 1993.

The use of inhalants among 8th graders increased between 1992 and 1993, making inhalants the most widely abused substances, after alcohol and tobacco, among this age group. Almost one in five 8th graders (19.4 percent) have used inhalants, which include glues, aerosols and solvents, at least once, an increase from 17.4 percent in 1992. Lifetime rates of inhalant use among 10th and 12th graders remained around 17 percent. Current use among 10th graders increased from 2.7 percent in 1992 to 3.3 percent in 1993.

Daily use of alcohol by high school seniors decreased from 3.4 percent in 1992 to 2.5 percent in 1993. Binge drinking (having five or more drinks in a row in the last two weeks) remained around 28 percent among high school seniors, but binge drinking among 10th graders increased from 21.1 percent in 1992 to 23.0 percent in 1993. Among 8th graders, the rate of binge drinking remained around 13 percent.

The Monitoring the Future Survey also measures student attitudes toward drug use. In 1993, significantly fewer students in each grade level felt that there is great risk to people harming themselves when they use most illicit drugs. As compared to 1992, fewer students think that people are at great risk of harming themselves by trying marijuana once or twice (8th and 10th graders), smoking marijuana occasionally (8th, 10th and 12th graders), or even smoking marijuana regularly (8th, 10th and 12th graders).

There was a decrease in the percentage of students in each grade who felt that people are at great risk for harming themselves by trying crack cocaine.

Students were also asked about their perceived availability of drugs. In 1993, fewer seniors felt that cocaine was easy to get. However, more seniors thought it would be easy to get LSD and MDMA (ecstacy). There was a decrease in the proportion of 8th graders reporting it was easy to get cigarettes and alcohol. Among 10th graders, there was a decrease in the proportion who thought it was easy to get steroids and those who thought it was easy to get crystal methamphetamine (ice).

Richard A. Millstein, acting director of NIDA, said, "The increases in drug use we are seeing are in part the result of an erosion of anti-drug attitudes by youth. Now more than ever, we need to counter erroneous messages that glamorize the use of

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illicit drugs, alcohol and cigarettes. Our research has shown that we can do that best by implementing comprehensive prevention programs involving the individual, the family, peers, schools and community organizations. Further, a strong commitment to research is required to strengthen the scientific knowledge base needed to design even more effective prevention programs for those who have not begun to use drugs and effective treatment methods for those who are already abusing drugs."

NIDA is a component of the National Institutes of Health, a Public Health Service agency within the Department of Health and Human Services. The Monitoring the Future Survey was conducted under a NIDA grant to the University of Michigan, Institute for Social Research, at a cost of approximately $3 million.

Under the direction of Dr. Lloyd Johnston, principal investigator, the researchers surveyed 16,763 high school seniors, 15,516 tenth grade students, and 18,820 eighth grade students in public and private schools nationwide in 1993. The Monitoring the Future Survey has been conducted annually since 1975. In 1991, the survey was expanded to include data on 8th and 10th grade students.

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** NOTE: All changes noted between 1992 and 1993 are statistically significant

OPA–90 RULEMAKING STATUS

Mr. CARR. Please update the status table on rulemakings mandated by the Oil Pollution Act of 1990, as shown on page 899 of last year's hearing record.

[The information follows:]

RULES (INCLUDING IFRs) PUBLISHED

ocumentation of Cleanup Vessels	03 Mar 92	(57 FR 7640)
Vessel Communications Equipment	21 Apr 92	(57 FR 14483)
VTS Valdez Regulations	17 Jul 92	(57 FR 31660)
Revised Penalty Provisions	27 Jul 92	(57 FR 33260)
Claims under OPA 90	12 Aug 92	(57 FR 36314)
Double Hull Standards (IFR)	12 Aug 92	(57 FR 36222)
Designation of Source and Advertisement (IFR)	12 Aug 92	(57 FR 36314)
Access to the Oil Spill Liability Trust Fund by State Officials (IFR)	13 Nov 92	(57 FR 53968)
Facility Response Plans (IFR)	05 Feb 93	(58 FR 7330)
Vessel Response Plans (IFR)	05 Feb 93	(58 FR 7330)
Prince William Sound Pilotage	10 Mar 93	(58 FR 13360)
Class II Civil Penalties	06 Apr 93	(58 FR 17926)
Navigation Underway (2nd Officer on Bridge, Unattended Engine Room, Auto Pilot)	10 May 93	(58 FR 27628)
Lightering Requirements	15 Sep 93	(58 FR 48434)
COTP Boundaries	04 Oct 93	(58 FR 51726)
Plate Gauging	20 Oct 93	(58 FR 52599)
Discharge Removal Equipment (IFR)	22 Dec 93	(58 FR 67988)
Civil Penalty Provisions (IFR)	06 Apr 93	(58 FR 17926)

NPRMs PUBLISHED

Certificates of Financial Responsibility	26 Sep 91	(56 FR 49006)
scort Vessels, PWS/Puget Sound	07 Jul 92	(57 FR 30058)
ational VTS	01 Aug 92	(56 FR 36910)
Overfill Devices	12 Jan 93	(58 FR 4040)
Five Year Term of Validity	16 Sep 93	(58 FR 48572)
Existing Tank Vessels Without Double Hulls	22 Oct 93	(58 FR 45870)
Chemical Testing for Dangerous Drugs	04 Mar 94	(59 FR 10544)

ANPRMs PUBLISHED

Tank Level/Pressure Monitor	07 May 91	(56 FR 21116)
Escort Vessels-Other Areas	27 Apr 93	(58 FR 25766)

COAST GUARD ACADEMY—COST OF MEALS

Mr. CARR. Coast Guard data indicates that about 35 percent of the Academy's nonpersonnel costs are for food and beverages. This is about $5.74 million a year. If we assume three meals a day for each of the 958 cadets at the Academy, and further assume that they are at the facility for 95 percent of the year, then approximately one million meals would be served in a year. If these are reasonable approximations, then the data indicates an average cost of $5.70 per meal per cadet. This seems high. Is this an accurate approximation of the cost of a meal at the Academy? What action is the Coast Guard taking to reduce the high cost of food service at the Academy?

[The information follows:]

The $5.70 cost per meal is not correct. The correct average cost per meal is $5.28. The 35 percent figure is correct but this percentage should be applied to the Academy's AFC–30 operating budget of approximately $10 million (excluding wage grade personnel and energy costs). Meals provided for the cadets and military staff cost $3.5 million per year. 606,300 meals were served in 1993, this equates to an average of $5.28 per meal. All meals served during this period were provided by a contractor at a price determined by the standard competitive government method allow the Academy to maintain the current service level at a reduced cost. These options include changes in the method of serving meals and consolidation and relocation of the physical serving sites.

CUTTERS SCHEDULING ASSISTANCE PROJECT

Mr. CARR. The Coast Guard has been criticized by the IG in past audits for not maximizing the days cutters spend away from port. I understand that you have recently been pilot testing a computer system known as the "cutter scheduling assistance project" which has resulted in more days away from home port, better balancing of work loads among cutters, and reductions in maintenance problems. Could you give us some figures on the results of this effort?

[The information follows:]

The cutter scheduling assistance program (CSAP) is a multi-year research and development (R&D) project (fiscal years 1988–1994). CSAP was developed to provide the Atlantic Area Commander with a computerized scheduling tool that would allow more efficient cutter management.

CSAP has evolved into a valuable means of providing proactive, immediate response to meet cutter and operational mission needs. As a result, the Coast Guard has realized increased cutter availability without sacrificing maintenance, training, or quality of life.

Prior to CSAP, schedules were prepared and updated manually on paper spreadsheets. It was physically impossible to make any significant changes without disrupting the remainder of the schedule. Meeting all operational, training, and maintenance requirements, while subject to unforeseen engineering casualties and operational emergencies, was beyond the ability of the scheduling officers using a manual system.

Using CSAP, the scheduling officer creates parameters such as desired patrol lengths, patrol locations, training requirements, maintenance cycles, public affairs events, and priorities. These parameters become inputs to the computer model. They can be easily changed to reflect new policies, constraints, missions, vessel casualties, etc. CSAP then generates and evaluates possible schedule combinations to present the scheduling officer with the schedule, which best meets all of the requirements.

CSAP provided the Coast Guard with significant efficiencies. It helped the Atlantic Area Commander increase cutter days-away-from-home-port averages from 168 during 1989 (pre-CSAP) to 182 for 1993. It also improved workload balance. The Atlantic Area cutters days-away-from-home-port deviation has dropped from 39 days in 1988 to 9 in 1993.

CSAP has also been critical in balancing maintenance with operations. The operational days lost due to unforeseen maintenance in Atlantic Area have been reduced from 330 days in 1990 to 26 days in 1993.

Mr. CARR. Do you intend to expand the use of this tool Coast Guard-wide, based on those results?

[The information follows:]

Yes, this tool has already been expanded Coast Guard wide for major cutters. The cutter scheduling assistance program (CSAP) was pilot tested as a computer tool to schedule the 27 Atlantic Area High and Medium Endurance Cutters. Based upon the success with the pilot testing, it was expanded to include the 19 Pacific Area High and Medium Endurance Cutters and Polar Class Icebreakers.

There is no plan to deploy CSAP below the area level. For the smaller cutters, scheduling is not a weak link which prevents a cutter from meeting its operating standard. The complexities of scheduling cutters at the District level are not great enough to demand a computer model as capable and expensive as CSAP.

EC–130V OPEVAL REPORT

Mr. CARR. In an earlier question, we discussed the untimely reporting of the Coast Guard regarding housing needs. Another case in point concerns a report requested by the Senate Committee on Appropriations during the 1993 budget cycle. The Senate report was filed on July 30, 1992. It requested a copy of the operational evaluation report on the EC–130V aircraft and the determination on the future use of the aircraft. The report was prepared for the Coast Guard Research and Development Center by the Navy's Air Warfare Test Center at Patuxent River, Maryland. That report is dated January 7, 1993. The Coast Guard's covering letter transmitting the evaluation to the Congress is dated February 10, 1994. The letter indicates that the EC–130 was transferred to the Department of Defense on October 1, 1993.

Why did it take the Coast Guard 13 months after receipt of the operational evaluation report to forward the report to the Congress?

[The information follows:]

As noted in the question, a determination on the future use of the aircraft was also requested in conjunction with the operational evaluation. This was the major reason for the delay in forwarding the report to Congress. This was a difficult issue for the Coast Guard that warranted thorough review by several programs as well as the office of the Secretary of Transportation.

Mr. CARR. Does the Coast Guard maintain a centralized tracking system for senior management on the status of reports requested by OST, OMB, and the Congress?

[The information follows:]

Yes. The Coast Guard closely monitors the status of reports requested of us by the administration and Congress.

Mr. CARR. For the record, provide a paper trail of the EC–130 operational evaluation report from January 7, 1993, to the date of submittal to the Congress, February 10, 1994.

[The information follows:]

The Operational Evaluation (OPEVAL) of the EC–130V was only one part of the Congressional requirement. The Coast Guard was also required to deliver a determination on the future use of the aircraft. The decision on the disposition of the EC–130V depended in part on the results of the OPEVAL, which was completed on January 7, 1993. Major milestones in the delivery of this report to Congress include:

January 7, 1993—Operational Test and Evaluation completed by Naval Air Warfare Center, Patuxent River, Maryland.

June 29, 1993—Forwarded by Coast Guard Chief of Staff to Office of the Secretary of Transportation for clearance.

January 20, 1994—OST comments provided to Coast Guard.

February 10, 1994—Revisions completed, report signed by the Commandant of the Coast Guard, forwarded to Congress.

HOUSING STUDY TIMEFRAME

Mr. CARR. For the record, provide a paper trail of the Logistics Management Institute report on Coast Guard housing from its completion in September 1992 until its submittal to Congress on January 4, 1994.

[The information follows:]

The Coast Guard decision to contract this report with Logistics Management Institute (LMI) in no way voided the services' interest in its content or the need to clear the report through the administration. During the clearance process, several discrepancies were discovered that required correction. Reports written by contractors generally carry an administrative delay—issuing contracts, modifying those contracts to reflect necessary editing—these procedures slow the reports' drafting and clearance process. The Coast Guard has taken steps to reduce this delay: contracts are now written to include the revision process; reports are not considered complete until signed and distributed to Congress.

September 1992—Report completed by LMI, Bethesda, MD. Report returned for revision following discussion by USCG Human Resources Coordinating Council.

November 2, 1992—Revised report delivered to USCG Headquarters.

April 22, 1993—Commandant approves report, forwarded to Secretary of Transportation for clearance and signature.

August 17, 1993—Office of Secretary of Transportation requested revisions to report.

December 1, 1993—Revised report forwarded to Office of Secretary of Transportation for signature.

January 4, 1994—Signed by Secretary of Transportation.

COFR RULEMAKING

Mr. CARR. The preliminary regulatory impact analysis for your OPA 90 rulemaking on marine certificates of financial responsibility concluded that most vessel owners and operators could not meet the proposed requirement because insurance and other third party mechanisms for satisfying the rule are not commercially available. The report concluded by saying "The short-term impact of the NPRM could leave the nation in economic turmoil if promulgated unamended. . . ." To what extent is the Coast Guard listening to suggestions for improvements in the NPRM proposed by private sector shippers and others?

[The information follows:]

There is no conclusion in the preliminary regulatory impact analysis (PRIA) stating that vessel owners or operators will be unable to meet the proposed requirements. Nor is there any conclusion that commercial mechanisms for satisfying the requirements will be unavailable. The statement that "The short term impact of the NPRM could leave the nation in economic turmoil if promulgated unamended . . .", was not a conclusion in the PRIA, but a part of a statement. The unquoted portion of the sentence in the PRIA reads ". . . and the protection and indemnity (P&I) threat is realized and effected.", which is a qualifier. That partial quote is taken from the discussion portion of the PRIA and is preceded by two pages of discussion and numerous qualifying statements such as "This analysis, therefore, assumes the absolute worst case scenario, although it is expected that lesser consequences would, in fact, ensue." (PRIA, page 49). The quote was based on the hypothetical scenario, for analysis purposes only, that no commercial methods of evidencing financial responsibility would be available—a scenario not supported by the PRIA or the official docket in this proceeding. The Coast Guard is carefully considering all suggestions for amendments to the NPRM.

Mr. Carr. In the public comments you received on this rulemaking, do you see any meritorious suggestions which could address the above concern and make the final rule more acceptable?

[The information follows:]

The Coast Guard has received meritorious comments on this rulemaking, but Department of Transportation policy precludes us from discussing what the final rule may say.

Mr. Carr. What is the status of this rulemaking and when is promulgation of the final rule expected?

[The information follows:]

Department of Transportation policy precludes the Coast Guard from discussing the status of the rulemaking. The Commandant has stated that he hopes to conclude this matter before May 31, 1994.

PERMANENT CHANGE OF STATION (PCS)

Mr. Carr. Your budget data indicates that permanent change of station costs dropped 5.9 percent in fiscal year 1994, but you are budgeting for a 4.1 percent increase in fiscal year 1995. What accounts for such swings in these costs?

[The information follows:]

In order to resolve an internal funding shortfall, the Coast Guard reduced the funding target for the PCS account for fiscal year 1994 only. A variety of short-term, one year measures were implemented to reduce the actual number of travel orders issued for officers, enlisted members, and civilians. In fiscal year 1995, the Coast Guard will be unable to continue executing many of these measures. Also, the Coast Guard will incur additional PCS related expenses associated with the new workforce management initiatives addressed in our budget, i.e. high year tenure and centralized first term reenlistment reviews.

MEDICAL CARE COSTS

Mr. Carr. I understand that recent information has led the Coast Guard to reassess its fiscal year 1995 budget request for medical care costs. What updated information can you provide the Committee, and what effect does it have on fiscal year 1994 resources and on your 1995 budget request?

[The information follows:]

Recent information has led the Coast Guard to reassess its fiscal year 1995 budget request for health care costs. Fiscal year 1994 costs are now projected to be $115,000,000. This is $8,800,000 less than available funding, from $123,800,000. The Coast Guard is preparing a letter to notify Congress of their intent to reprogram these 1994 funds. They will explain that they need these 1994 savings to fund unplanned/unfunded 1994 nonrecurring needs including: operations and maintenance funds to operate the Coast Guard Cutter MACKINAW in 1994; funds for incremental AMIO costs; funds to support special streamlining studies; and funds to offset projected shortfalls in the energy account.

This significantly revised projection is due to three recent changes in the 1994 rates charged to the Coast Guard. First, contrary to expectations, the 1994 federal interagency reimbursement rates did not increase overall from the 1993 rates as originally forecast by Department of Defense (DoD) and budgeted by the Coast Guard (estimated cost avoidance of $1,400,000). Secondly, in addition, reduced dependent dental rates yielded an estimated cost avoidance of $1,400,000 as a result of recent negotiations between Department of Defense (DOD) and delta dental. The third rate change is due to implementation of the uniformed services treatment facility (USTF) managed care plan, also known as the uniformed services family health plan, effective October 1, 1993. This congressionally legislated plan significantly reduced enrollment as active duty personnel are no longer permitted to use the program. Additional costs were avoided due to the reduction in the amount charged annually for enrollment of active duty dependents (estimated cost avoidance of approximately $6,000,000). Each USTF is conducting a second enrollment period until April 1, which could change cost estimates for 1994 and 1995. The Coast Guard projects the need for $125,540,000 for 1995 health care costs. Hence, the 1995 extraordinary health care cost increase of $7,000,000 is no longer needed.

PROFESSIONAL TRAINING AND EDUCATION

Mr. CARR. Professional training and education would rise 5.4 percent in your fiscal year 1995 request, from $25,694,000 to $27,096,000. Why should this category of expenses be rising at a faster rate than the overall increase (1.49 percent)?

[The information follows:]

The Coast Guard's request for an increase of $1,402,000 in the professional training and education program for fiscal year 1995 includes a combination of; (1) projected non-pay COLA, (2) training required for the new hazardous material management initiative, and (3) training in support of new vessels coming on line.

STRIKE TEAMS

Mr. CARR. Funding for strike teams would rise 15.8 percent, from $2,320,000 to $2,686,000. What projections of oil or hazardous materials spills would require such an increase?

[The information follows:]

The strike team's budget is not directly related to spill response. Funding for spill response is addressed by the Oil Spill Liability Trust Fund (OSLTF) or Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The strike team budget is used for equipment maintenance, training, regional response team activities, and other operating expenses routinely incurred independent of response to actual pollution incidents.

The incremental increase of $366,000 to the 1994 budget is attributable to the following factors:

(+) $37,000—COLA increase to operational base funding.

(−) $43,000—Termination of one time costs/spill response exercise standardization teams.

(+) $42,000—Annualization of spill response exercise standardization teams costs.

(+) $330,000—Annualization of pollution response equipment follow on.

Mr. CARR. You are also showing an increase of 5.3 percent in headquarters' costs between fiscal year 1993 and 1994, compared to the overall OE increase of 1.1 percent. Why should headquarters' costs be rising faster than the overall rate in fiscal year 1994, especially given the administration's desire to reduce administrative and overhead costs of the government?

[The information follows:]

The apparent increase is due to an accounting and management change that overshadows an actual decrease in headquarters costs. As noted in the definition of Coast Guard-wide centralized services and support (PPA V), headquarters costs include both the administration and overhead costs of Coast Guard headquarters, and also some direct costs associated with the overall management of Coast Guard missions and support activities. Centralized management of these funds at headquarters realizes significant economies and efficiencies. Examples of operating programs and support activities centrally administered at Coast Guard Headquarters in 1994 include centralized procurement of buoys ($750K), vessel traffic system maintenance contracts ($1.1 million), and technical support for the marine safety program ($1.3 million).

In 1994, an aggregate total of $13 million of base funding for standard computer equipment was centralized into a new account at headquarters from Coast Guard-wide operating and administrative accounts. The 5.3 percent increase in headquarters costs shown in the PPA presentation reflects this transfer of funds. Discounting this initiative, headquarters costs from 1993 to 1994 actually decreased nearly 2.0 percent from $179.3 million to $175.3 million.

UNEMPLOYMENT/EMPLOYMENT COMPENSATION

Mr. CARR. You are expecting increases in federal employment compensation and unemployment compensation (13.5 percent and plus 3.2 percent, respectively). What is the Coast Guard doing to control these costs?

[The information follows:]

There are four efforts currently being used by the Coast Guard in an attempt to control federal employment compensation costs. Compensation rolls are periodically purged of errors; credits, if due, are claimed. Individuals are identified from the rolls for light duty assignments so they can reenter the work force quickly while recuperating from injuries. A case management program operating under the Department of Labor is used to review each compensation case and give employees guidance to facilitate their recuperation. In addition, compensation roles are analyzed to assess factors contributing to cases and to establish preventative measures.

In regard to unemployment compensation, the Coast Guard is offering its military personnel career transition counselling that is intended to help the member in her/his transition to civilian life and minimize or avoid any unemployment compensation entitlements. This counselling provides guidance on how to search for civilian employment, and where available, provides training on resume writing. In some locations, members also have access to the Department of Defense transition assistance program and are able to obtain training on skills helpful in the transition from military to civilian life. The Coast Guard is also working on a standardized translation of coast Guard skills into Department of Defense and civilian work force skills to help departing members find like-employment outside the Coast Guard. Additionally, the Coast Guard is seeking legislative authority and budgetary support to use transition benefits currently available to the Department of Defense under Chapter 58 of Title 10 U.S. Code 1174a. This legislation includes such transition initiatives as expanded pre-separation counselling, employment assistance, transitional health benefits, commissary and exchange benefits, and assistance to obtain employment in selected public service fields ("Troops to Teachers").

In regard to its civilian work force, the Coast Guard uses the service of a private contractor retained by the Department of Transportation, to verify each unemployment compensation claim. This contractor ensures that each claim contains the proper compensation data, that any reasons for ineligibility are properly noted to the State, and that any claims that are in dispute, are properly presented to the State authority for adjudication.

OVERSEAS BILLETS

Mr. CARR. Please update the data on overseas billets by country found on pages 1070 through 1072 of last year's hearing record.

[The information follows:]

Country	Pay grades	Function
Antigua	03, 2–P01s	Security Assistance, Training.
Australia	03	RAN Liaison
Bahamas	04	Embassy Liaison
	05, 03, 3–02s 2–01s, CPO, P01, 3–P02s	Drug Interdiction
Bahrain	1–04, P01	Multi-National Maritime Interception Operation (MMIO) Support Staff
Bolivia	05	Defense Attache
Canada	2–03s	Flight Liaison
Colombia	05	Defense Attache
Costa Rica	03	Security Assistance
Cuba	05, 2–03s, CW02 MCPO, SCPO, 4–CPOs 9–P01s	Navy Fleet Training Group
Germany	05,04	CINCEUR Staff
Haiti	05	Embassy Liaison

Country	Pay grades	Function
Iceland	03, CWO2	LORAN
Italy	2–03s, 2–CWO2s, 4–CPOs, 8–PO1s 10–PO2s, 10–PO3s 2–SP	LORAN
	04	MMIO Support Staff
Jamaica	04	Security Assistance
Japan	06	LORAN Support
Mexico	05	Defense Attache
Panama	06	Panama Canal Commission
	06	Security Liaison
	05, 03	CINCSOUTH staff
	05	Embassy Liaison
Singapore	04, 03	Marine Inspections
Spain	02, CWO2, 2–CPOs 3–PO1s, 4–PO2s 3–PO3s, 1–SN	LORAN
Sweden	04	World Maritime University
United Kingdom	05, 04, 03, CWO	Marine Inspection Activities Europe
	06, 05, 04, 03, 3–CWO3s, CWO2, SCPO, 2–CPOs, 5–PO1s, 5–02s, PO3	
	2–03s	Royal Navy/Air Force Flight Exchange
Venezuela	05	Defense Attache

As of March 25, 1994, 16 personnel are assigned to Law Enforcement Detachments (LEDETS) in support of the United Nations (U.N.) embargo of Iraq. One officer and one enlisted are assigned TAD to COMUSNAVCENT staff in Bahrain. Coast Guard Squadrons 42 and 44 deploy aboard USN ships in the North Red Sea and perform command and control functions for the UN maritime interception force. Each squadron consists of six officers. There are eight personnel assigned to LEDETS embarked in USN ships in the Mediterranean in support of the UN embargo of Serbia/Montenegro. There are five personnel from the Coast Guard international maritime law enforcement team (IMLET) assigned in support of training Bolivian riverine forces. Lastly, on average, one four-person mobile training team is deployed outside of the U.S. at any one time.

The pay grade abbreviations in the above table are:

06—Captain
05—Commander
04—Lieutenant Commander
03—Lieutenant
02—Lieutenant (junior grade)
01—Ensign
CWO (2, 3, or 4)—Chief Warrant Officer (pay grade 2, 3 or 4)
SCPO—Senior Chief Petty Officer
CPO—Chief Petty Officer
PO1—First Class Petty Officer
PO2—Second Class Petty Officer
PO3—Third Class Petty Officer
SN—Seaman
FN—Fireman

OLYMPICS—COAST GUARD SUPPORT

Mr. CARR. In last year's hearing (p. 847), the Coast Guard estimated the service would provide $7,280,000 in services to the 1996 Summer Olympics in Atlanta, Georgia. Has the Coast Guard made any progress in having the International Olympic Committee or other nongovernmental organizations reimburse you for those costs?

[The information follows:]

To date there has been no effort to seek reimbursement from the IOC or other non-governmental organizations involved with the Games. The figure of $7,280,000, given in last year's hearing, was the Coast Guard's initial estimate of support costs based on all the anticipated requests from the International Olympic Committee (IOC). In the fall 1993, three Coast Guard personnel were provided to the Seventh District in Miami, Florida to be assigned as detached duty with the Atlanta Committee for the Olympic Games (ACOG). This liaison staff was specifically tasked with planning, coordinating and consolidating Coast Guard operations in support of the 1996 Olympic Games. Their purpose was to review the ACOG requests to ensure that any Coast Guard operational support directly reflected Coast Guard missions.

The latest budget request for fiscal years 1995/1996 Olympic support submitted by the Seventh District Commander is approximately $3,000,000, which is significantly less than the initial estimates. This budget request is currently under review by Coast Guard headquarters program managers and is in addition to the $100,000 provided for Olympic support activities in 1994. The Coast Guard has been participating in the Department's planning activities for the Olympics. Cost estimates of $3.0 million have been provided to the Department.

Coast Guard involvement in the Games will focus on sailing events scheduled in Savannah, Georgia. The Coast Guard will provide services for: (1) direct support and coordination of spectator control, search and rescue and maritime law enforcement in the yacht racing areas; (2) waterside security and anti-terrorist support; and (3) enhanced security and mobile platform support to the Federal Bureau of Investigation (FBI) and United States Secret Service (USSS) for protection of visiting dignitaries. The Coast Guard will not be involved with performing Olympic Committee tasks such as setting race markers and towing race platforms.

RETAIL EXCHANGES

Mr. CARR. In last year's hearing (p. 859), the Commandant estimated the Coast Guard would contribute $5.2 million in fiscal year 1992 for support of retail exchanges. As you know, we have been working with the Coast Guard to drive down the appropriated fund support. What are the corresponding cost estimates for fiscal years 1994 and 1995?

[The information follows:]

During the House Appropriations hearing in April 1993, the Coast Guard estimated it would provide $5.2 million in appropriated funds to support CG retail exchanges. This was the final funding level after the $1.4 million congressionally mandated reduction. The Coast Guard anticipates using approximately $5.0 million in 1994 and $4.2 million in 1995.

Mr. CARR. About $2 million of the fiscal year 1992 costs were for transporting goods to overseas exchanges. With your diminished presence in Japan and the proposed drawdown of personnel in your London office, are the transportation costs being reduced?

[The information follows:]

No, reduced Coast Guard presence in Japan and Great Britain will not decrease overseas exchange transportation costs. The Coast Guard does not have exchanges in either Japan or London. Hence, the drawdown of personnel in those locations will not reduce transportation costs for overseas exchanges. The Coast Guard pays transportation costs from appropriated funds for only three overseas Coast Guard exchanges, which are located in Alaska, Hawaii, and Puerto Rico. We have two Coast Guard Exchange Service (CGES) satellite exchanges at isolated European Loran Stations; for these exchanges transportation costs for resale items from the United States are paid by non-appropriated funds. A third Station is supplied under a Memorandum of Understanding with the Department of Defense, so there are no transportation costs incurred by the Coast Guard.

Mr. CARR. Does the fiscal year 1995 request assume continuation of the current policy, directed by Congress, that appropriated funds are not to be used for repairs and maintenance at exchange facilities?

[The information follows:]

Yes, as directed by Congress, appropriated funds are not being used for repair and maintenance of exchange retail facilities constructed with non-appropriated funds. Also, appropriated funds are not being used to change the use of space in an appropriated fund building for exchange operations.

Appropriated funds are used to protect the CG's real property investment on buildings constructed with appropriated funds where exchanges are tenants, e.g., to correct a safety-related code deficiency or a handicap-access requirement or to maintain structural integrity, the building envelope, integral systems, and supporting infrastructures.

RECRUITING

Mr. CARR. In last year's hearing (p. 865), you estimated fiscal year 1994 recruiting costs at $7,365,885. However, in your budgetary breakdown submitted with the fiscal year 1995 request, fiscal year 1994 recruiting costs are shown as $3,888,000. What accounts for the difference?

[The information follows:]

The $3,888,000 listed under the recruiting line item in our new program, project and activity (PPA) budgetary breakdown for 1995, represents only those costs for the Coast Guard's Regional Recruiting Commands and their subordinate recruiting offices. This figure does not include national advertising costs, public service announcement costs, the Academy information program, the Minority officer recruiting effort, and the pre-commissioning program for enlisted personnel costs which support the Coast Guard's nationwide recruiting efforts. (These items are centrally managed at CG headquarters and are included in the headquarters budget line item.) When these additional costs are added to the $3,888,000, the Coast Guard's total recruiting budget for fiscal year 1994 is $6,450,000. (This 1994 budget figure includes the Congressional base reduction of $866,000 and the transfer of specific IRM functions ($50,000) to a centrally managed account.)

VTS OPERATIONS AND MAINTENANCE

Mr. CARR. Please update the data on page 920 of last year's hearing record showing site-by-site VTS operation and maintenance costs by providing data for fiscal years data for 1994 (base) and 1995 (increment).

[The information follows:]

The following is a summary of Operations & Maintenance (O&M) base information for fiscal year 1994 and the fiscal year 1995 O&M request (increment) for each vessel traffic services (VTS) unit and the Electronics Engineering Center (EECEN) in Wildwood, NJ which will provide centralized maintenance support and depot level repair for the nationwide VTS system:

[In thousands of dollars]

VTS Unit	Base (FY94)	Request (FY95)
New York	1,656	770
Berwick Bay	62	25
Houston/Galveston	671	0
San Francisco	537	297
Puget Sound	1,791	370
Prince William Sound	722	[1] (298)
Centralized VTS Maintenance and Engineering Facility		400
Totals	[2] 5,439	[2] 1,564

[1] Reflects net reduction in the automated dependent surveillance electronics maintenance costs from $534,000 to $236,000. The $298,000 reduction in Prince William Sound is reflected in the "Termination of One-Time Costs" line item within the fiscal year 1995 Coast Guard budget.

[2] Most of the VTS O&M funds are centrally managed through either the Atlantic or Pacific Maintenance and Logistics Command for maintenance support.

In addition, two other VTS units at Louisville, KY and Sault Ste. Marie, MI have no separately identifiable O&M base, because they use standard command and control equipment located within their parent commands, Group Ohio Valley and Group Sault Ste. Marie.

BUDGET GROWTH BY MISSION

Mr. CARR. Please update the table on page 965 of last year's hearing record regarding budget growth by mission category for your operating expenses appropriation.

[The information follows:]

Operating Expenses (OE) Appropriation. The Coast Guard's 1995 OE request reflects a negative growth by mission as a result of reductions to meet administration and budgetary policies.

The following table demonstrates negative growth by program:

($000K)

Program	FY 94 Base	FY 95 Increment	FY 95% Increase	FY 95 Percent (real growth)
SAR	$393,150	$7,656	1.95%	<1.05>%
ATON	465,600	5,949	1.28	<1.72>
MS	297,789	7,435	2.50	<0.50>
MEP	242,756	5,738	2.36	<0.64>
ELT	1,022,622	7,968	0.78	<2.22>
IO	86,204	2,216	2.57	<0.43>
DR	83,649	1,773	2.12	<0.88>
Totals	$2,591,770	$38,735	1.49%	<1.51>%

Note: The computer program used to estimate operating funds is called Program Budget Model. The Program Budget Model is a comprehensive tool used to approximate multi-mission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the Program Budget Model is based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in fiscal year 1994 operating expenses obligations, from the fiscal year 1994 budget submission, were programmatically spread based on fiscal year 1992 operating data and support costs; whereas, the revised 1994 estimates reflected in the fiscal year 1995 budget submission are based on like information for fiscal year 1993

COSTS PER FTE

Mr. CARR. Please update the data on pages 969 through 970 of last year's hearing record regarding cost per FTE staff year by providing data for fiscal years 1994 and 1995. However, this year please break down the cost data by pay grade, rank, or GS level.

[The information follows:]

The standard personnel costs (SPC's) for full-year existing billets and positions (i.e., the annualized costs) are shown in the following tables:

ANNUALIZED FTE COSTS

Rank or grade	FY 1994	FY 1995
Military:		
Rear Admiral (O–8) & above	$120,229	$121,699
Rear Admiral (O–7)	110,472	111,772
Captain (O–6)	99,398	100,504
Commander (O–5)	85,945	86,815
Lieutenant Commander (O–4)	74,145	74,809
Lieutenant (O–3)	67,939	68,494
Lieutenant Junior Grade (O–2)	53,915	54,225
Ensign (O–1)	42,863	42,979
Avg for Commissioned Officer	67,749	68,301
Chief Warrant Officer 4 (CWO–4)	70,907	71,512
Chief Warrant Officer 3 (CWO–3)	60,010	60,424
Chief Warrant Officer 2 (CWO–2)	53,675	54,225
Avg for Chief Warrant Officer	59,573	59,979
Master Chief Petty Officer of the Coast Guard (E–10)	68,905	69,750
Master Chief Petty Officer (E–9)	63,186	63,931

ANNUALIZED FTE COSTS—Continued

Rank or grade	FY 1994	FY 1995
Senior Chief Petty Officer (E–8)	54,450	54,042
Chief Petty Officer (E–7)	48,038	48,518
First Class Petty Officer (E–6)	42,235	42,613
Second Class Petty Officer (E–5)	36,967	37,253
Third Class Petty Officer (E–4)	31,816	32,012
Seaman (E–3)	26,216	26,314
Seaman Apprentice (E–2)	26,216	26,314
Seaman Recruit (E–1)	25,459	25,544
Avg for Enlisted Member	35,446	35,705
Civilian:		
Senior Executive Service (SES)	121,275	132,847
Administrative Law Judge–2	130,685	139,847
Administrative Law Judge–3	118,398	127,747
Administratively Determined	78,428	83,047
GS/GM–15	97,339	104,147
GS/GM–14	84,781	89,547
GS/GM–13	73,773	77,447
GS–12	63,273	66,547
GS–11	53,372	57,747
GS–10	51,615	53,747
GS–09	44,485	47,247
GS–08	42,113	44,847
GS–07	38,260	40,847
GS–06	36,769	38,547
GS–05	33,335	35,047
GS–04	30,005	31,947
GS–03	25,870	28,347
Avg for GS Employees	53,047	56,447
Avg Wage Grade Employee	45,417	47,101

Because one-time start-up expenses are necessary when a billet or position is established, the following SPC's should be used to calculate annual costs for the addition of new full-year billets and positions:

FTE COSTS FOR A NEW BILLET

Rank or grade	FY 1994	FY 1995
Military:		
Rear Admiral (0–8) & Above	$124,080	$125,578
Rear Admiral (0–7)	114,323	115,651
Captain (0–6)	103,249	104,383
Commander (0–5)	89,796	90,694
Lieutenant Commander (0–4)	77,996	78,688
Lieutenant (0–3)	71,790	72,373
Lieutenant Junior Grade (0–2)	57,766	58,104
Ensign (0–1)	46,714	46,858
Avg for Commissioned Officer	71,600	72,180
Chief Warrant Officer 4 (CWO–4)	74,758	75,391
Chief Warrant Officer 3 (CWO–3)	63,861	64,303
Chief Warrant Officer 2 (CWO–2)	57,526	57,857
Avg for Chief Warrant Officer	63,424	63,858
Master Chief Petty Officer of the Coast Guard (E–10)	72,756	73,629
Master Chief Petty Officer (E–9)	67,037	67,810
Senior Chief Petty Officer (E–8)	58,301	58,921
Chief Petty Officer (E–7)	51,889	52,397
First Class Petty Officer (E–6)	46,086	46,492
Second Class Petty Officer (E–5)	40,818	41,132
Third Class Petty Officer (E–4)	35,667	35,891
Seaman (E–3)	31,337	31,485
Seaman Apprentice (E–2)	30,067	30,193
Seaman Recruit (E–1)	29,310	29,423
Avg for Enlisted Member	39,297	39,584
Civilian:		
Senior Executive Service (SES)	125,126	136,726
Administrative Law Judge—2	134,536	143,726
Administrative Law Judge—3	122,249	131,626

FTE COSTS FOR A NEW BILLET—Continued

Rank or grade	FY 1994	FY 1995
Administratively Determined	82,279	86,926
GS/GM–15	101,190	108,026
GS/GM–14	88,623	93,426
GS/GM–13	77,624	81,326
GS–12	67,124	70,426
GS–11	57,223	61,626
GS–10	55,466	57,626
GS–09	48,336	51,126
GS–08	45,964	48,726
GS–07	42,111	44,726
GS–06	40,620	42,426
GS–05	37,186	38,926
GS–04	33,856	35,826
GS–03	29,721	32,226
Avg for GS Employee	56,898	60,326
Avg Wage Grade Employee	49,268	50,980

The following SPC's should be used for funding the addition of new billets or positions on a half-year basis:

HALF-YEAR FTE COSTS FOR A NEW BILLET

Rank or grade	FY 1994	FY 1995
Military:		
Rear Admiral (0–8) & Above	$67,872	$68,720
Rear Admiral (0–7)	62,993	63,756
Captain (0–6)	57,456	58,122
Commander (0–5)	50,730	51,278
Lieutenant Commander (0–4)	44,830	45,275
Lieutenant (0–3)	41,727	42,117
Lieutenant Junior Grade (0–2)	34,715	34,983
Ensign (0–1)	29,189	29,360
Avg for Commissioned Officer	41,632	42,021
Chief Warrant Officer 4 (CWO–4)	42,094	42,504
Chief Warrant Officer 3 (CWO–3)	36,645	36,960
Chief Warrant Officer 2 (CWO–2)	33,478	33,737
Avg for Chief Warrant Officer	36,427	36,738
Master Chief Petty Officer of the Coast Guard (E–10)	37,930	38,405
Master Chief Petty Officer (E–9)	35,071	35,496
Senior Chief Petty Officer (E–8)	30,703	31,051
Chief Petty Officer (E–7)	27,497	27,789
First Class Petty Officer (E–6)	24,595	24,837
Second Class Petty Officer (E–5)	21,961	22,157
Third Class Petty Officer (E–4)	19,386	19,536
Seaman (E–3)	17,221	17,333
Seaman Apprentice (E–2)	16,586	16,687
Seaman Recruit (E–1)	16,207	16,302
Avg for Enlisted Member	21,201	21,383
Civilian:		
Senior Executive Service (SES)	125,126	136,727
Administrative Law Judge—2	134,536	143,726
Administrative Law Judge—3	122,249	131,626
Administratively Determined	82,279	86,926
GS/GM–15	101,190	108,026
GS/GM–14	88,623	93,426
GS/GM–13	77,624	81,326
GS–12	67,124	70,426
GS–11	57,223	61,626
GS–10	55,466	57,626
GS–09	48,336	51,126
GS–08	45,964	48,726
GS–07	42,111	44,726
GS–06	40,620	42,426
GS–05	37,186	38,926
GS–04	33,856	35,826
GS–03	29,721	32,226

HALF-YEAR FTE COSTS FOR A NEW BILLET—Continued

Rank or grade	FY 1994	FY 1995
Avg for GS Employee	56,898	60,326
Avg Wage Grade Employee	49,268	50,980

Because of the expenses associated with a permanent change of station, the following SPC's should be used for removal of existing billets or position on a full-year basis (an annualization adjustment will be made in the subsequent fiscal year to account for the permanent change of station funding associated with the billet/position):

FUNDING ADJUSTMENTS FOR REMOVAL OF AN EXISTING BILLET

Rank or grade	FY 1994	FY 1995
Military		
Rear Admiral (0–8) & Above	$118,423	$119,841
Rear Admiral (0–7)	108,666	109,914
Captain (0–6)	97,592	98,646
Commander (0–5)	84,139	84,957
Lieutenant Commander (0–4)	72,339	72,951
Lieutenant (0–3)	66,133	66,636
Lieutenant Junior Grade (0–2)	52,109	52,367
Ensign (0–1)	41,057	41,121
Avg for Commissioned Officer	65,943	66,443
Chief Warrant Officer 4 (CWO–4)	69,101	69,654
Chief Warrant Officer 3 (CWO–3)	58,204	58,566
Chief Warrant Officer 2 (CWO–2)	51,869	52,120
Avg for Chief Warrant Officer	57,767	58,121
Master Chief Petty Officer of the Coast Guard (E–10)	67,528	68,334
Master Chief Petty Officer (E–9)	61,809	62,515
Senior Chief Petty Officer (E–8)	53,073	53,626
Chief Petty Officer (E–7)	46,661	47,102
First Class Petty Officer (E–6)	40,858	41,197
Second Class Petty Officer (E–5)	35,590	35,837
Third Class Petty Officer (E–4)	30,439	30,596
Seaman (E–3)	26,109	26,190
Seaman Apprentice (E–2)	24,839	24,898
Seaman Recruit (E–1)	24,082	24,128
Avg for Enlisted Member	34,069	34,289
Civilian:		
Senior Executive Service (SES)	120,786	137,344
Administrative Law Judge—2	130,196	139,344
Administrative Law Judge—3	117,909	127,244
Administratively Determined	77,939	82,544
GS/GM–15	96,850	103,644
GS/GM–14	84,292	89,004
GS/GM–13	73,284	76,944
GS–12	62,784	66,044
GS–11	52,883	57,244
GS–10	51,126	53,244
GS–09	43,996	46,744
GS–08	41,624	44,344
GS–07	37,771	40,344
GS–06	36,280	38,044
GS–05	32,846	34,544
GS–04	29,516	31,444
GS–03	25,381	27,844
Avg for GS Employee	52,558	55,944
Avg Wage Grade Employee	44,928	46,598

The following SPC's should be used for removal of existing billets or position on a half-year basis (an annualization adjustment will be made in the subsequent fiscal year):

FUNDING ADJUSTMENTS FOR REMOVAL OF AN EXISTING BILLET ON A HALF-YEAR BASIS

Rank or grade	FY 1994	FY 1995
Military:		
Rear Admiral (0–2) & Above	$59,212	$59,921
Rear Admiral (0–7)	54,333	54,957
Captain (0–6)	48,796	49,323
Commander (0–5)	42,070	42,479
Lieutenant Commander (0–4)	36,170	36,476
Lieutenant (0–3)	33,067	33,318
Lieutenant Junior Grade (0–2)	26,055	26,184
Ensign (0–1)	20,529	20,561
Avg for Commissioned Officer	32,972	33,222
Chief Warrant Officer 4 (CWO–4)	34,551	34,827
Chief Warrant Officer 3 (CWO–3)	29,102	29,283
Chief Warrant Officer 2 (CWO–2)	25,935	26,060
Avg for Chief Warrant Officer	28,884	29,061
Master Chief Petty Officer of the Coast Guard (E–10)	33,764	34,167
Master Chief Petty Officer (E–9)	30,905	31,258
Senior Chief Petty Officer (E–8)	26,537	26,813
Chief Petty Officer (E–7)	23,331	23,551
First Class Petty Officer (E–6)	20,429	20,599
Second Class Petty Officer (E–5)	17,795	17,919
Third Class Petty Officer (E–4)	15,220	15,298
Seaman (E–3)	13,055	13,095
Seaman Apprentice (E–2)	12,420	12,449
Seaman Recruit (E–1)	12,041	12,064
Avg for Enlisted Member	17,035	17,145
Civilian:		
Senior Executive Service (SES)	60,393	66,172
Administrative Law Judge—2	65,098	69,672
Administrative Law Judge—3	58,955	63,622
Administratively Determined	38,970	41,272
GS/GM–15	48,425	51,822
GS/GM–14	42,146	44,522
GS/GM–13	36,642	38,472
GS–12	31,392	33,022
GS–11	26,442	28,622
GS–10	25,563	26,622
GS–09	21,998	23,372
GS–08	20,812	22,172
GS–07	18,886	20,172
GS–06	18,140	19,022
GS–05	16,423	17,272
GS–04	14,758	15,722
GS–03	12,691	13,922
Avg for GS Employee	26,279	27,972
Avg Wage Grade Employee	22,464	23,299

MASS TRANSIT SUBSIDY BENEFIT

Mr. CARR. Please update the data on personnel currently enrolled in your mass transit subsidy benefit program, as shown on page 972 of last year's hearing record.

[The information follows:]

Listed below are the units currently participating in the program, as well as the number of personnel participating at each location. Most of those units, with the exception of Coast Guard headquarters, have only had their programs in effect since the last half of fiscal year 1993.

PERSONNEL COUNT AS OF FEB. 28, 1994

Location:	
Coast Guard Headquarters, Washington, DC	634
Maintenance and Logistics Command Atlantic, New York, NY	281

PERSONNEL COUNT AS OF FEB. 28, 1994—Continued

Maintenance and Logistics Command Pacific, Alameda, CA	137
First Coast Guard District, Boston, MA	210
Second Coast Guard District, St. Louis, MO	53
USCG Group Philadelphia, Philadelphia, PA	3
Seventh Coast Guard District, Miami, FL	105
Eighth Coast Guard District, New Orleans, LA	104
Ninth Coast Guard District, Cleveland, OH	139
Eleventh Coast Guard District, Los Angeles, CA	19
Thirteenth Coast Guard District, Seattle, WA	337
Fourteenth Coast Guard District, Honolulu, HI	34
Total	2,056

Mr. CARR. What is your total request in fiscal year 1995 for the mass transit subsidy benefit program, what are your enrollment assumptions, and how much subsidy does that represent per person for the year?

[The information follows:]

In 1994, the Coast Guard was appropriated $665,000 for this program. Additional funds to continue the program at current enrollment levels were not requested in the fiscal year 1995 submission because of indications that the program would not be reauthorized by Congress. The program is still growing in popularity, and it appears that the fiscal year 1994 cost will be about $1,375,000. Program participants receive a subsidy of between $20 and $60 per month or between $240 and $720 per year, depending on the cost of the transit system used. Based on experience to date, the mean cost per user is about $53 per month and the expected mean number of users is 2,160.

DAY CARE CENTERS

Mr. CARR. Please update the data on OE funding for day care centers as shown on pages 985 through 986 of last year's hearing record by providing data for fiscal years 1994 and 1995.

[The information follows:]

The Coast Guard will operate nine child development centers (CDC's) in 1995. Funding data is based on updated reports from Commands, alternate price measures (an inflation index expressed as a percentage), and standard personnel costs.

1994 ESTIMATED CHILD DEVELOPMENT CENTER OE FUNDING

CDC Location	OE funding	Appropriated Fund Salaries [1]	Total
Coast Guard Centers:			
Cape Cod, MA	7,350	90,600	97,950
San Juan, PR	2,730	49,640	52,370
Governors Island, NY	30,030	90,600	120,630
Cap May, NJ	2,730	49,640	52,370
Borinquen, PR	6,300	49,640	55,940
Petaluma, CA	17,303 (Note 1)	52,753	70,056
Kodiak, AK	22,365	90,600	112,965
New London, CT	12,600	75,695	88,295
Alameda, CA	71,400 (Note 2)	17,368	88,768
Washington, DC	90,000	0	90,000
Total	262,808	566,536	829,344

[1] See footnote at end of following table.

Note 1: Reason for larger increase than the previous estimates is that a trailer was modified and placed on site to be utilized as an infant room.

Note 2: Anticipate opening August 1994.

1995 ESTIMATED CHILD DEVELOPMENT CENTER OE FUNDING

CDC Location	OE funding	Appropriated Fund Salaries[1]	Total
Coast Guard Centers:			
Cape Cod, MA	7,865	113,400	121,265
San Juan, PR	2,921	69,400	72,321
Governors Island, NY	32,132	113,400	145,532
Cape May, NJ	2,921	69,400	72,321
Borinquen, PR	6,741	69,400	76,141
Petaluma, CA	14,156	75,800	89,956
Kodiak, AK	23,931	113,400	137,331
New London, CT	13,482	81,600	95,082
Alameda, CA	76,398	37,600	113,998
Total	180,547	743,400	923,947

[1] Eight additional appropriated fund positions were obtained in fiscal year 1994. They are reflected in the salary figures above for two quarters of fiscal year 1994. They are reflected in the salary figures above for two quarters of fiscal year 1994 and four quarters of fiscal year 1995. The Child Development Center at Coast Guard Headquarters, Washington DC will be solely operated by the General Services Administration (GSA) in fiscal year 1995.

KODIAK POOL/RECREATION CENTER

Mr. CARR. In last year's hearing (p. 987), you advised the Committee that annualization of OE costs for the Kodiak swimming pool and recreation center would be $89,333. On page 62 of this year's justifications, you are requesting $151,000 to annualize those costs. Why has the cost risen from last year's estimate?

[The information follows:]

The follow-on cost identified in last year's hearing question was only for the Kodiak swimming pool. The follow-on cost identified in fiscal year 1995 is for renovation of the recreation center and gym. This is a different project from the swimming pool.

OFFSETTING OE COLLECTIONS

Mr. CARR. Please provide a source breakdown for your estimated offsetting collections in fiscal year 1995, similar in format to the table shown on page 1000 of last year's hearing record.

[The information follows:]

The requested information is reflected in the following table:

FY 1995 Sources	($000) FY 1995 Estimate
88.00.01 Federal Funds:	
DoD (primarily Navy): includes personnel costs, medical/dental services, parts, and maintenance on aircraft radar, sonar, and weapons	$27,979
DOT: includes cost for CG TSC Telenet Costs, National Response Center, DAFIS, NASSIF/TRANS Medical unit, Security Policy & Planning, FAA liaison, etc	2,070
EPA: includes personnel costs, CERCLA, environmental management, pollution mitigation, etc	5,058
Other miscellaneous agencies: includes NSF, NOAA, DOS, OSIA, Customs, Interior, Panama Canal Commission, etc.; includes icebreaker fuel/maintenance, security assistance, Customs Forfeiture Fund, migrant interdiction etc	40,259
Subtotal OC 88.00	75,366
88.30.00 Trust Funds:	
Oil Spill Liability Trust Fund	25,000
88.40.00 Non-Federal Offsetting Collections:	
Travel Overseas vessel inspections	1,034
Traveling Exam teams (CONUS)	40
Recreational Vessel Documentation	2,461
MSP User Fee Admin Costs	473
Motion Picture Industry	4

FY 1995 Sources	($000) FY 1995 Estimate
Subtotal OC 88.40.00	4,012
Total OC 88.90	104,378

OTHER SERVICE (OE)

Mr. CARR. Please update the breakdown of your "other services" obligations, similar in format to that shown on page 1001 of last year's hearing record, by providing data for fiscal years 1993 through 1995.

[The information follows:]

ESTIMATED OBLIGATIONS FOR OTHER SERVICES

[Dollars in thousands]

	1993 actual [1]	1994 estimate	1995 estimate
Other services:			
Overhaul of vessels	$70,477	$70,307	$74,073
Overhaul of aircraft	40,552	40,454	42,621
Repairs/maintenance:			
Shore facilities	114,366	114,090	120,201
Electronic equipment	18,392	18,348	19,330
Aids to navigation	1,610	1,660	1,760
Training aids	11,711	11,683	12,309
Routine recreation services	213	159	156
Automated data processing services	29,723	29,651	31,240
Medical services	99,595	99,355	104,677
Other services	42,533	42,431	44,703
Total	$429,172	$428,138	$451,070

[1] FY93 "ACTUAL" data is not precise because of systemic shortcomings in our financial accounting system. It reflects the Coast Guard's best estimate. We are working to resolve these long-term problems.

Mr. CARR. Please update the table showing fiscal year 1993 estimated obligations for "other services" by adding a third (actual) column to the table shown on page 1001 of last year's hearing record.

[The information follows:]

The answer follows:

ESTIMATED OBLIGATIONS FOR OTHER SERVICES

[Dollars in thousands]

	1993 initial estimate	1993 current estimate	1993 actual [1]
Other services:			
Overhaul of vessels	$96,213	$67,157	$70,477
Overhaul of aircraft	76,158	48,882	40,552
Repairs/maintenance:			
Shore facilities	142,808	137,005	114,366
Electronic equipment	10,152	12,556	18,392
Aids to navigation	1,799	1,885	1,610
Training aids	13,932	12,842	11,711
Routine recreation services	581	313	213
Automated data processing services	17,245	29,901	29,723
Medical services	68,945	73,816	99,595
Other services	20,117	46,726	42,533
Total	$460,989	$431,083	$429,172

The initial estimates column assumed that the FY93 Budget would be enacted as requested and were based on FY90 actual expenditure data, which were the most current data available at that time. The current FY93 estimates column was based on FY92 actual obligation data and updated base capabilities and methodologies.

[1] FY93 "ACTUAL" data is not precise because of systemic shortcomings in our financial accounting system. It reflects the Coast Guard's best estimate. We are working to resolve these long-term problems.

SUPPLIES AND MATERIALS

Mr. CARR. Please update the table on page 1002 of last year's hearing record showing estimated obligations for supplies and materials by providing data for fiscal years 1994 and 1995.

[The information follows:]

The answer follows:

ESTIMATED OBLIGATIONS FOR SUPPLIES AND MATERIALS

[In thousands of dollars]

Detail	FY 1994 estimate	FY 1995 estimate
Aircraft supplies	33,464	33,914
Boat supplies	17,856	18,110
Electronic engineering supplies	13,087	13,273
Fuel supplies	110,171	114,100
Health supplies	6,333	6,423
Other energy supplies	15,562	15,650
Miscellaneous supplies	56,255	57,055
Ship supplies	61,904	62,515
Shore supplies	61,398	62,420
Training supplies	5,726	5,807
Total	381,756	389,294

Mr. CARR. Please also update the table on page 1003 of last year's hearing record showing estimated obligations for supplies and materials in fiscal year 1993 by adding a third (actual) column.

[The information follows:]

The answer follows:

ESTIMATED OBLIGATIONS FOR SUPPLIES AND MATERIALS

[In thousands of dollars]

Detail	FY 93 initial estimate	FY 93 current estimate	FY 93[1] actual
Aircraft supplies	33,177	33,885	33,558
Boat supplies	8,777	9,881	17,906
Electronic engineering supplies	21,571	21,424	13,123
Fuel supplies	123,580	117,719	110,726
Health supplies	428	558	6,351
Other energy supplies	15,209	11,719	15,606
Miscellaneous supplies	62,069	61,910	56,412
Ship supplies	47,396	50,502	61,826
Shore supplies	42,984	50,277	61,570
Training supplies	6,584	5,751	5,742
Total	361,715	363,172	382,820

The initial FY93 estimates were based on FY90 actual expenditure data, which were the most current data available at that time. The current FY93 estimates were based on FY92 actual obligation data and updated database capabilities and methodologies.

[1] FY 1993 "actual" data is not precise because of systemic shortcomings in our financial accounting system. It reflects the Coast Guard's best estimate. We are working to resolve these long-term problems.

FUEL COSTS

Mr. CARR. It appears from the data provided in last year's hearing (p. 1003) that your fiscal year 1993 fuel costs were almost $6 million less than you budgeted for ($117.7 million compared to $123.5 million). Is this accurate, and if so, why were costs so much less and how was the additional funding utilized?

[The information follows:]

The initial fiscal year 1993 estimate ($123.5 million) was based upon fiscal year 1990 actual expenditure data, which were the most current data available at that time. The current fiscal year 1993 estimate ($117.7 million) was based on fiscal year 1992 actual obligation data. Thus, the above figures were estimates as opposed to budgeted amounts. The Coast Guard energy base for 1993 was $113,032,000. Actual expenditures for fiscal year 1993 were $110,726,000. The reason for this 2.0 percent difference is believed to be a mild winter which reduced energy needs. The resulting difference of $2.3 million was a portion of $7 million rescinded by P.L. 103–50.

ENERGY COSTS

Mr. CARR. What assumptions regarding price changes underlie your fiscal year 1995 budget request for fuel, electricity, and other types of energy?

[The information follows:]

In fiscal year 1995, the Coast Guard's fuel and energy budget reflects programmatic changes in Coast Guard assets and facilities. The budget request uses the most recent pricing standards published by the Defense Fuel Supply Center (DFSC) for cutter and aviation fuel estimates. The high DFSC price increases experienced in fiscal year 1994 are neither expected nor planned for in fiscal year 1995. No significant price changes in energy costs beyond inflation are foreseen at this time. The fiscal year 1995 budget contains a request for a non-pay cost of living adjustment to cover the expected increased costs of goods and services in fiscal year 1995.

DRUG SEIZURES

Mr. CARR. Please update the data on page 1006 of last year's hearing record showing contraband seizures and drug enforcement cutter operating hours and aircraft flight hours.

[The information follows:]

The following data reflects Coast Guard cutter and aircraft drug law enforcement operating hours and drug seizures for fiscal years 1992 and 1993:

	1992	1993
Seizures:		
Cases	67	48
Vessels	43	23
Tons of marijuana	25	23
Pounds of cocaine	16,702	32,751
Arrests	131	99
Drug enforcement operating hours:		
Cutter	81,468	61,627
Aircraft	15,302	10,336

Mr. CARR. Last year's budget request included a nonpay cost-of-living adjustment of 2.7 percent based upon nonpay inflation assumptions at that time. What are the current inflation estimates for fiscal year 1994 which correspond to last year's 2.7 percent estimate?

[The information follows:]

The Coast Guard fiscal year 1994 budget request included a non-pay cost of living adjustment of 2.7 percent, which equated to $30.3 million. The Coast Guard's fiscal year 1994 appropriation included $27.4 million for a non-pay cost of living adjustment which equates to 2.4 percent. According to the fiscal year 1995 President's Budget Economic Assumptions, the current fiscal year 1994 non-pay inflation factor that corresponds to last year's estimate is 2.6 percent.

HEALTH CARE COSTS

Mr. CARR. Last year, you advised the Committee that health care cost increases were included in both the non-pay COLA line and the extraordinary health care cost increase line. Is that also the case for fiscal year 1995? If so, please update the data on page 1007 of last year's hearing record showing the location of various portions of budgeted health care costs.

[The information follows:]

Due to lower than expected fiscal year 1994 rates charged to the Coast Guard by the Department of Defense and the Uniformed Services Family Health Plan (USFHP), the Coast Guard no longer projects the need for an extraordinary health care cost increase for fiscal year 1995. The non-pay Cost of Living Adjustment (COLA) line item includes $1,970,000 for health care cost increases based on the FY94 projected non-pay inflation rate of 1.7 percent. The calculation for the extraordinary health care cost line item is as follows:

[In thousands of dollars]

1995 projected health care requirement	$125,540
1994 base brought forward [1]	−123,570
1995 non-pay COLA (1.7%)	−1,970
1995 extraordinary cost increase	0

[1] This base includes projected reimbursable costs (e.g., DOD) that are not subject to COLA.

The convention has been to keep the entire amount for all standard non-pay COLA in its own line item and only request the health-related shortfall above that amount in the "extraordinary health care cost increase" line item.

HEALTH CARE COSTS

Mr. CARR. The fiscal year 1994 President's budget included a total of $127,150,000 for health care costs. What is the current estimate for fiscal year 1994?

[The information follows:]

Coast Guard health care costs for fiscal year 1994 are currently estimated to be approximately $115 million, which is significantly less than the estimated cost of $127.2 million cited in last year's hearing record. However, the correct funding base for 1994 is $123.8 million since nonpay COLA was not distributed to the health care account and because of a decrease in funding requirements. Nonpay COLA was not distributed to the health care base because the Coast Guard did not receive the full amount of the nonpay COLA in our 1994 request and costs did not increase as much as expected.

The current $8.8 million in projected non-recurring savings ($123.8 million - $115 million) is due to three recent changes in the fiscal year rates charged to the Coast Guard. Contrary to expectations, the Federal interagency reimbursement rates did not increase overall from 1993 to 1994, enabling a cost avoidance of $1.4 million from 1988 to present, outpatient rates increased 13.5 percent per year while inpatient rates increased 16.5 percent per year). In addition, reduced dependent dental rates yielded an estimated cost avoidance of $1.4 million as a result of recent negotiations between Department of Defense (DOD) and delta dental. The third rate change is due to the new Uniformed Services Family Health Plan, effective October 1, 1993 which showed significantly reduced enrollment as active duty personnel are no longer permitted to use the program. Additional costs were avoided due to the reduction in the amount charged annually for enrollment of active duty dependents (estimated cost avoidance of approximately $6 million). Because health care costs are largely demand driven, the projected savings of $8.8 million is subject to change.

We plan to forward a letter to you soon requesting reprogramming of health care funds to address unplanned/unfunded 1994 nonrecurring needs, including: operations and maintenance funds to operate the Coast Guard cutter MACKINAW in 1994; funds for incremental AMIO costs; funds to support special organizational streamlining studies; and funds to offset projected shortfalls in the energy account.

SHORE FACILITY OPERATIONAL DATES

Mr. CARR. Please provide a current estimate of the operational dates for each of the shore facilities listed in last year's OE justifications and compare that with the estimated date last year, similar in format to the data shown on page 1008 of last year's hearing record.

[The information follows:]

Facilities	Operational dates	
	Last year	This year
Major AC&I projects:		
Sta Cape Cod Canal Renovation	October 1993	January 1994.
Establish Airfac Charleston	July 1993	January 1994.
Sta Ponce DeLeon Rehabilitation	May 1993	April 1993.
Group Eastern Shore Renovation	March 1994	June 1994.
MSO/Reserve Houston Const New Bldg	(1)	(1)
Airsta Detroit Foam Deluge System	May 1993	August 1993.
Rebuild Sta East Tawas, PH II	(2)	(2)
Sta Cape Disappointment Renovation	June 1993	May 1993.
Airsta Barbers Pt Ramp & Taxiways	May 1993	April 1993
Base Ketchikan Storage Facility	April 1993	June 1993.
Upgrade NORPAC LORAN PH I	October 1993	April 1993.
Upgrade NORPAC LORAN PH II	March 1994	August 1994
Airsta Kodiak Ramp Paving	January 1993	January 1993.
Support Center Kodiak Training/Recreational Pool.	June 1994	May 1994.
Training Center Cape May New Barracks	May 1993	May 1993.
Upgrade Yard Mechanical Shops	February 1994	May 1994.

[1] Project cancelled.

[2] Only Shoreside portion completed in June 1992. Construction of Station Tawas waterfront improvements pends resolution of property issues.

FACILITIES/EQUIPMENT COMPLETION DATES

Mr. CARR. Similarly, please update the data on facilities/equipment completion dates shown on pages 1010 1011 of last year's hearing record.

[The information follows:]

Facilities	Operational dates	
	Last year	This year
Major AC&I projects:		
Group Key West Tenant Vessel Bldg	April 1994	August 1994.
Sta Lake Worth Inlet Relocation	August 1994	September 1994.
Minor AC&I projects:		
Base Charleston Command Center	(1)	(2).
Base Mayport Command Center	(2)	(2).
Base Mobile Command Center	August 1994	January 1995.
Support Center New York Solid Waste Transfer Facility.	January 1994	February 1994.
CG Yard Flammable Storage Building	June 1994	June 1994.
Support Center Alameda Child Development Center.	September 1994	November 1994.

[1] Project revalidation was underway.

[2] Project cancelled.

AIRCRAFT AVAILABILITY

Mr. CARR. Please update the information on aircraft availability shown on page 1014 1015 of last year's hearing record.

[The information follows:]

Our recent aircraft availability is summarized below:

AIRCRAFT AVAILABILITY

[Percent]

Fiscal year	1989	1990	1991	1992	1993	1994[1]
Aircraft:						
HH–3F	64.0	69.0	70.1	71.8	78.0	88.2
HH–60J			80.6	70.0	71.2	68.6
HC–130	73.0	72.0	78.9	76.4	74.1	78.6
HU–25	56.0	64.7	67.5	64.9	64.9	69.1
HH–65A	56.0	59.8	70.6	75.0	76.3	77.4

[1] One-quarter data.

The table below summarizes the Coast Guard's experience with regard to HU–25 availability:

HU–25 AVAILABILITY

[Percent]

	NMCM	NMCS	NMCB	NMC	Avail.
Fiscal year:					
1984	26.8	28.3		55.1	44.9
1985	18.3	19.0	13.7	51.0	49.0
1986	16.6	18.3	11.2	46.1	53.9
1987	15.8	21.6	10.1	47.5	52.5
1988	15.7	23.8	9.0	48.5	51.5
1989	17.0	15.0	12.0	44.0	56.0
1990	15.7	13.1	6.5	35.3	64.7
1991	18.0	7.5	7.0	32.5	67.5
1992	18.3	9.8	7.1	35.1	64.9
1993	18.2	7.1	9.8	35.1	64.9
1994[1]	15.9	11.1	3.9	30.9	69.1

[1] One-quarter data.

The table below summarizes the Coast Guard's experience with regard to HH–65A availability:

HH–65A AVAILABILITY

[Percent]

	NMCM	NMCS	NMCB	NMC	Avail.
Fiscal year:					
1986	26.6	15.7	8.8	51.1	48.9
1987	23.1	16.3	11.3	50.7	49.3
1988	18.7	16.6	9.3	44.6	55.4
1989	17.0	17.0	10.0	44.0	56.0
1990	13.7	19.1	7.4	40.2	59.8
1991	14.6	10.5	4.3	29.4	70.6
1992	13.7	7.5	3.8	25.0	75.0
1993	15.1	4.8	3.8	23.7	76.3
1994[1]	14.1	4.8	3.6	22.6	77.4

[1] One-quarter data.

Key: NMC—Not mission capable. NMCM—Not mission capable due maintenance. NMCS—Not mission capable due supply. NMCB—Not mission capable due both (Maintenance and supply). Availability (Avail.)=100—NMC.

CUTTER AVAILABILITY

Mr. CARR. Please update the information on cutter availability shown on page 1016 of last year's hearing record.

[The information follows:]

CUTTER AVAILABILITY

[Percent]

	Fiscal year—		
	1993 Actual	1994 Projected	1995 Projected
Cutters:			
WHEC 378	53	50	50
WMEM 270	52	50	50
WMEC 210	50	50	50
WMEC 230, 213, 205, 180	50	50	50
WSES 110	41		
WPB 110	55	55	55
WPB 82	60	60	60

1. The 1993 information is based on 1993 Abstract of Operations data.
2. Cutter availability is the percentage of the year a cutter is not in a maintenance status. It includes underway, import operations, high readiness, and standby days.
3. Projected availability is not included for WSES 110s which were decommissioned in January 1994.

CUTTER LISTING

Mr. CARR. Please update the cutter listing included on pages 1017 through 1018 of last year's hearing record.

[The information follows:]

	Years in service	Replacement Year	Homeport
378' WHEC			
715 HAMILTON	27	NYD	SAN PEDRO, CA
716 DALLAS	27	NYD	NEW YORK, NY
717 MELLON	27	NYD	SEATTLE, WA
718 CHASE	26	NYD	SAN PEDRO, CA
cc 719 BOUTWELL	26	NYD	ALAMEDA, CA
c 720 SHERMAN	26	NYD	ALAMEDA, CA
721 GALLATIN	26	NYD	NEW YORK, NY
722 MORGENTHAU	25	NYD	ALAMEDA, CA
723 RUSH	25	NYD	HONOLULU, HI
724 MUNRO	23	NYD	ALAMEDA, CA
725 JARVIS	23	NYD	HONOLULU, HI
726 MIDGETT	22	NYD	SEATTLE, WA
270' WMEC			
901 BEAR	11	NYD	PORTSMOUTH, VA
902 TAMPA	10	NYD	PORTSMOUTH, VA
903 HARRIET LANE	10	NYD	PORTSMOUTH, VA
904 NORTHLAND	10	NYD	PORTSMOUTH, VA
905 SPENCER	8	NYD	BOSTON, MA
906 SENECA	7	NYD	BOSTON, MA
907 ESCANABA	7	NYD	BOSTON, MA
908 TAHOMA	6	NYD	NEW BEDFORD,MA
909 CAMPBELL	6	NYD	NEW BEDFORD,MA
910 THETIS	5	NYD	KEY WEST, FL
911 FORWARD	4	NYD	PORTSMOUTH, VA
912 LEGARE	4	NYD	PORTSMOUTH, VA
913 MOHAWK	4	NYD	KEY WEST, FL
210' WMEC			
615 RELIANCE	30	NYD	NEW CASTLE, NH
616 DILIGENCE	30	NYD	WILMINGTON, NC
617 VIGILANT	30	NYD	CAPE CANAVERAL,FL
618 ACTIVE	28	NYD	PORT ANGELES, WA
619 CONFIDENCE	28	NYD	CAPE CANAVERAL,FL
620 RESOLUTE	28	NYD	ASTORIA, OR

621 VALIANT	27	NYD	MIAMI, FL
622 COURAGEOUS	26	NYD	PANAMA CITY, FL
623 STEADFAST	26	NYD	ASTORIA, OR
624 DAUNTLESS	26	NYD	MMA[1]
625 VENTUROUS	26	NYD	MMA[2]
626 DEPENDABLE	26	NYD	GALVESTON, TX
627 VIGOROUS	25	NYD	CAPE MAY, NJ
628 DURABLE	26	NYD	ST PETERSBURG,FL
629 DECISIVE	26	NYD	ST PETERSBURG,FL
630 ALERT	25	NYD	MMA[3]
213' WMEC			
6 ESCAPE	51	FY95	CHARLESTON, SC
167 ACUSHNET	51	NYD	EUREKA, CA
168 YOCONA	50	NYD	KODIAK, AK
230' WMEC			
38 STORIS	52	NYD	KODIAK, AK
180' WMEC			
300 CITRUS	51	FY95	COOS BAY, OR

NOTES:

[1] Completes MMA in February 95.
[2] Completes MMA in September 95.
[3] Completes MMA in August 94.
NYD = Not Yet Determined
MMA = Major Maintenance Availability

VESSELS 180 FEET AND SHORTER LISTING

Mr. CARR. Please provide a similar listing for vessels less than 180 feet long.

[The information follows:]

Replacement years are not yet determined (NYD). Homeports to be vacated without replacement through decommissionings in fiscal year 1995 are marked with an asterisk in the replacement year column. The information follows:

		Years in Service	Replacement Year	Homeport
180' WLB				
277	COWSLIP	52	*	Portsmouth, VA
290	GENTIAN	52	NYD	Atlantic Beach, NC
291	LAUREL	52	NYD	Mayport, FL
296	SORREL	52	NYD	New York, NY
297	IRONWOOD	51	NYD	Kodiak, AK
301	CONIFER	51	NYD	San Pedro, CA
302	MADRONA	51	NYD	Charleston, SC
306	BUTTONWOOD	51	NYD	San Francisco, CA
307	PLANETREE	51	NYD	Ketchikan, AK
308	PAPAW	51	NYD	Galveston, TX
309	SWEETGUM	51	NYD	Mobile, AL
388	BASSWOOD	50	NYD	Apra Harbor, Guam
389	BITTERSWEET	50	NYD	Woods Hole, MA
392	BRAMBLE	50	NYD	Port Huron, MI
393	FIREBUSH	50	NYD	Kodiak, AK
394	HORNBEAM	50	NYD	Cape May, NJ
395	IRIS	50	NYD	Astoria, OR
396	MALLOW	50	NYD	Honolulu, HI
397	MARIPOSA	50	NYD	Seattle, WA
401	SASSAFRAS	50	NYD	Honolulu, HI
402	SEDGE	50	NYD	Homer, AK
403	SPAR	50	NYD	S. Portland, ME
404	SUNDEW	50	NYD	Duluth, MN
405	SWEETBRIER	50	NYD	Cordova, AK
406	ACACIA	50	NYD	Charlevoix, MI
407	WOODRUSH	50	NYD	Sitka, AK
160' WLIC				
800	PAMLICO	18	NYD	New Orleans, LA
801	HUDSON	18	NYD	Miami, FL
802	KENNEBEC	18	NYD	Portsmouth, VA
803	SAGINAW	18	NYD	Mobile, AL

		Years in Service	Replacement Year	Homeport
157' WLM				
685	RED WOOD	30	NYD	New London, CT
686	RED BEECH	30	NYD	Governors Is., NY
687	RED BIRCH	29	NYD	Baltimore, MD
688	RED CEDAR	24	NYD	Portsmouth, VA
689	RED OAK	23	NYD	Philadelphia, PA
140' WTGB				
101	KATMAI BAY	16	NYD	Sault Ste. Marie, MI
102	BRISTOL BAY	15	NYD	Detroit, MI
103	MOBILE BAY	15	NYD	Sturgeon Bay, WI
104	BISCAYNE BAY	15	NYD	St. Ignace, MI
105	NEAH BAY	15	NYD	Cleveland, OH
106	MORRO BAY	15	NYD	Yorktown, VA
107	PENOBSCOT BAY	9	NYD	New York, NY
108	THUNDER BAY	9	NYD	Rockland, ME
109	STURGEON BAY	7	NYD	New York, NY
133' WLM				
540	WHITE SUMAC	51	NYD	St. Petersburg, FL
543	WHITE HOLLY	50	NYD	New Orleans, LA
544	WHITE SAGE	52	NYD	Bristol, RI
545	WHITE HEATH	52	NYD	Boston, MA
546	WHITE LUPINE	52	NYD	Rockland, ME
547	WHITE PINE	52	NYD	Mobile, AL
115' WLR				
311	SUMAC	51	NYD	ST. LOUIS, MO
110' WPB				
1301	FARALLON	9	NYD	Miami Beach, FL
1302	MANITOU	9	NYD	Miami Beach, FL
1303	MATAGORDA	9	NYD	Miami Beach, FL
1304	MAUI	9	NYD	Miami Beach, FL
1305	MONHEGAN	9	NYD	Key West, FL
1306	NUNIVAK	9	NYD	Roosevelt Rds, PR
1307	ORACOKE	9	NYD	Roosevelt Rds, PR
1308	VASHON	9	NYD	Roosevelt Rds, PR
1309	AQUIDNECK	9	NYD	Portsmouth, VA
1310	MUSTANG	9	NYD	Seward, AK
1311	NAUSHON	9	NYD	Ketchikan, AK
1312	SANIBEL	9	NYD	Woods Hole, MA
1313	EDISTO	8	NYD	Crescent City, CA
1314	SAPELO	8	NYD	Eureka, CA
1315	MATINICUS	8	NYD	Cape May, NJ
1316	NANTUCKET	8	NYD	Key West, FL
1317	ATTU	7	NYD	San Juan, PR
1318	BARANOF	7	NYD	Miami Beach, FL
1319	CHANDELEUR	7	NYD	Miami Beach, FL
1320	CHINCOTEAGUE	7	NYD	Mobile, AL
1321	CUSHING	7	NYD	Mobile, AL

		Years in Service	Replacement Year	Homeport
1322	CUTTYHUNK	7	NYD	Port Angeles, WA
1323	DRUMMOND	7	NYD	Port Canaveral, FL
1324	KEY LARGO	7	NYD	Savannah, GA
1325	METOMPKIN	7	NYD	Charleston, SC
1326	MONOMOY	7	NYD	Woods Hole, MA
1327	ORCAS	6	NYD	Coos Bay, OR
1328	PADRE	6	NYD	Key West, FL
1329	SITKINAK	6	NYD	Key West, FL
1330	TYBEE	6	NYD	San Diego, CA
1331	WASHINGTON	6	NYD	Honolulu, HI
1332	WRANGELL	6	NYD	Portland, ME
1333	ADAK	6	NYD	Sandy Hook, NJ
1334	LIBERTY	6	NYD	Auke Bay, AK
1335	ANACAPA	6	NYD	Petersburg, AK
1336	KISKA	6	NYD	Hilo, HI
1337	ASSATEAGUE	5	NYD	Honolulu, HI
1338	GRAND ISLE	4	NYD	Gloucester, MA
1339	KEY BISCAYNE	4	NYD	Corpus Christi, TX
1340	JEFFERSON ISLAND	4	NYD	Portland, ME
1341	KODIAK ISLAND	4	NYD	Paname City, FL
1342	LONG ISLAND	4	NYD	Monterey, CA
1343	BAINBRIDGE ISLAND	4	NYD	Sandy Hook, NJ
1344	BLOCK ISLAND	4	NYD	Atlantic Beach, NC
1345	STATEN ISLAND	4	NYD	Atlantic Beach, NC
1346	ROANOKE ISLAND	4	NYD	Homer, AK
1347	PEA ISLAND	4	NYD	Mayport, FL
1348	KNIGHT ISLAND	4	NYD	Freeport, TX
1349	GALVESTON ISLAND	3	NYD	Arpa Hbr, Guam
100' WLI				
313	BLUEBELL	49	NYD	PORTLAND, OR
642	BUCKTHORN	31	NYD	SAULT STE MARIE, MI
100' WLIC				
298	RAMBLER	50	NYD	CHARLESTON, SC
315	SMILAX	50	NYD	BRUNSWICK, GA
316	PRIMROSE	50	NYD	ATLANTIC BEACH, NC
82' WPB				
82312	POINT SWIFT	34	NYD	Clearwater, FL
82333	POINT HIGHLAND	33	NYD	Chincoteague, VA
82334	POINT LEDGE	33	*	Ft Bragg, CA
82335	POINT COUNTESS	33	NYD	Nokomis, FL
82336	POINT GLASS	33	*	Ft Lauderdale, FL
82337	POINT DIVIDE	33	NYD	Newport Beach, CA
82338	POINT BRIDGE	33	NYD	Marina Del Ray, CA
82339	POINT CHICO	33	NYD	Bodega Bay, CA
82340	POINT BATAN	33	NYD	Cape May, NJ
82342	POINT BAKER	32	NYD	Sabine Pass, TX
82343	POINT WELLS	32	NYD	Montauk, NY
82344	POINT ESTERO	32	NYD	Gulfport, MS
82346	POINT ARENA	29	NYD	Norfolk, VA

		Years in Service	Replacement Year	Homeport
82347	POINT BONITA	29	*	Fire Island, NY
82349	POINT SPENCER	29	NYD	Galveston, TX
82350	POINT FRANKLIN	29	NYD	Cape May, NJ
82351	POINT BENNETT	29	NYD	Port Townsend, WA
82352	POINT SAL	29	NYD	Grand Isle, LA
82353	POINT MONROE	29	NYD	Gulfport, TX
82354	POINT EVANS	29	NYD	Nawiliwili, HI
82355	POINT HANNON	28	NYD	West Jonesport, ME
82356	POINT FRANCIS	28	NYD	New London, CT
82357	POINT HURON	28	NYD	Norfolk, VA
82358	POINT STUART	28	*	San Diego, CA
82359	POINT STEELE	28	NYD	Fort Myers Bch, FL
82360	POINT WINSLOW	28	NYD	Morgan City, LA
82363	POINT NOWELL	28	NYD	Port Isabel, TX
82364	POINT WHITEHORN	28	NYD	St Thomas, USVI
82365	POINT TURNER	28	NYD	Newport, RI
82366	POINT LOBOS	28	NYD	Pensacola, FL
82368	POINT WARDE	28	NYD	Wrightsville Bch, NC
82369	POINT HEYER	28	NYD	Morro Bay, CA
82370	POINT RICHMOND	28	NYD	Anacortes, WA
82371	POINT BARNES	25	NYD	Ft Pierce, FL
82372	POINT BROWER	25	NYD	San Francisco, CA
82373	POINT CAMDEN	25	NYD	Santa Barbara, CA
82374	POINT CARREW	25	NYD	Oxnard, CA
82375	POINT DORAN	25	NYD	Everett, WA
82377	POINT HOBART	25	NYD	Oceanside, CA
82378	POINT JACKSON	25	NYD	Woods Hole, MA
82379	POINT MARTIN	25	NYD	Ft Pierce, FL
75' WLIC				
75301	ANVIL	32	NYD	Corpus Christi, TX
75302	HAMMER	32	NYD	Mayport, FL
75303	SLEDGE	32	NYD	Baltimore, MD
75304	MALLET	32	NYD	Corpus Christi, TX
74305	VISE	32	NYD	ST. Petersburg, FL
75306	CLAMP	30	NYD	Galveston, TX
75307	WEDGE	30	NYD	New Orleans, LA
75309	HATCHET	29	NYD	Galveston, TX
75310	AXE	29	NYD	Mobile, AL
75' WLR				
75401	GASCONADE	30	NYD	OMAHA, NB
75402	MUSKINGUM	29	NYD	SALLISLAW, OK
75403	WYACONDA	29	NYD	DUBUQUE, IA
75404	CHIPPEWA	29	NYD	OWENSBORO, KY
75405	CHEYENNE	28	NYD	ST. LOUIS, MO
75406	KICKAPOO	25	NYD	VICKSBURG, MSS
75407	KANAWHA	25	NYD	PINE BLUFF, AR
75408	PATOKA	24	NYD	GREENVILLE, MS
75409	CHENA	24	NYD	HICKMAN, KY
75501	KANKAKEE	04	NYD	MEMPHIS, TN
75502	GREENBRIER	04	NYD	NATCHEZ, MS

		Years in Service	Replacement Year	Homeport
65' WLR				
65501	OUACHITA	24	NYD	CHATTANOOGA, TN
65502	CIMMARRON	24	NYD	PARIS LANDING, TN
65503	OBION	22	NYD	ST. LOUIS, MO
65504	SCIOTO	22	NYD	KEOKUK, IA
65505	OSAGE	22	NYD	SEWICKLEY, PA
65506	SANGAMON	22	NYD	PEORIA, IL
65' WLI				
65303	BLACKBERRY	48	NYD	SOUTHPORT, NC
65304	CHOKEBERRY	48	NYD	CRISFIELD, MD
65400	BAYBERRY	40	NYD	SEATTLE, WA
65401	ELDERBERRY	40	NYD	PETERSBURG, AK
65' WYTL				
65601	CAPSTAN	33	*	FORT BELVOIR, VA
65602	CHOCK	33	NYD	PORTSMOUTH, VA
65606	CATENARY	32	NYD	PHILADELPHIA, PA
65603	SWIVEL	33	NYD	ROCKLAND, ME
65604	TACKLE	32	*	CRISFILED, MD
65605	TOWLINE	32	*	BRISTOL, RI
65607	BRIDLE	31	NYD	SOUTHWEST HBR, ME
65608	PENDANT	31	NYD	BOSTON, MA
65609	SHACKLE	31	NYD	S.PORTLANED, ME
65610	HAWSER	31	NYD	GOVIS, NY
65611	LINE	31	NYD	GOVIS, NY
65612	WIRE	31	NYD	GOVIS, NY
65614	BOLLARD	27	NYD	NEW HAVEN, CT
65615	CLEAT	27	NYD	PHILADELPHIA, PA

CUTTER OPERATING DAYS

Mr. CARR. Please update the data on cutter operating days and costs shown on pages 1020 through 1021 of last year's hearing record.

[The information follows:]

The information concerning cutter operational days is provided below. The cutter employment standards for these ships provide an annual total days away from homeport target of 185 days. This target includes both operational and maintenance days away from homeport. Listed below are the operational days only.

	(Operational days only)		
Cutter Class	1991	1992	1993
WHEC: (HIGH ENDURANCE CUTTER)			
715 HAMILTON	146 H	167 S	93 U
716 DALLAS	149 U	154 S	150 S
717 MELLON	204	163	194 S
718 CHASE	14 F	150 U	163 S
719 BOUTWELL	158	192 S	132 U
720 SHERMAN	194	166 S	168 S
721 GALLATIN	0 F	55 F	157 S
722 MORGENTHAU	53 F	173	184 S
723 RUSH	39 F	191	154 S
724 MUNRO	187	142 S	148 S
725 JARVIS	0 F	61 F	177 S
726 MIDGETT	0 F	81 F	189
WAGB: (ICEBREAKER)			
83 MACKINAW	107	92	103
10 POLAR STAR	159	81 P	237
11 POLAR SEA	158	268	128 S
WMEC (MEDIUM ENDURANCE CUTTER)			
901 BEAR	169	152 S	172
902 TAMPA	158	171 S	170 S
903 HARRIET LANE	170	158 S	189
904 NORTHLAND	159	159 S	149 S
905 SPENCER	154	187	174 S
906 SENECA	172	156 S	171 S
907 ESCANABA	170	168	177 S
908 TAHOMA	167	155 S	142 U
909 CAMPBELL	179	176 S	178
910 THETIS	144	187	155 S
911 FORWARD	162	183	169
912 LEGARE	161	172 S	171 S
913 MOHAWK	92 N	174 S	194
615 RELIANCE	178	147 S	170
616 DILIGENCE	0 M	46 M	192
617 VIGILANT	139 M	177 S	185

618	ACTIVE	142	S	161		129	S
619	CONFIDENCE	152		181	S	136	S
620	RESOLUTE	162		161	U	165	S
621	VALIANT	122	U	43	M	24	M
622	COURAGEOUS	94	E	166	S	183	
623	STEADFAST	167		115	M	0	M
624	DAUNTLESS	134	U	189		129	M
625	VENTUROUS	171		175	S	182	
626	DEPENDABLE	171		154	S	185	
627	VIGOROUS	94	M	0	M	118	M
628	DURABLE	152		173		167	
629	DECISIVE	164		176	S	148	S
630	ALERT	145	U	154	U	49	M
6	ESCAPE	142	S	158	U	151	S
167	ACUSHNET	126		113	S	176	S
168	YOCONA	186		161	S	131	S
153	CHILULA	108	D	0	D	0	D
165	CHEROKEE	33	D	0	D	0	D
166	TAMAROA	147		155	S	175	
38	STORIS	162		151	S	170	U
300	CITRUS	150		148	S	175	S

Key:

M	Ship in Major Maintenance Availability (MMA)
N	New vessel; not fully operational
F	Ship in Fleet Renovation and Modernization (FRAM)
E	Extended maintenance or overhaul
D	Decommissioned
S	Scheduled maintenance
U	Unscheduled maintenance
H	Homeport change
P	Polar Science Upgrades

FLEET OPERATING COSTS

Mr. CARR. Please update the table on fleet operating costs shown on page 1022 of last year's hearing record by providing data for fiscal years 1993 through 1995.

[The information follows:]

The following table shows, by cutter class, the average annual operating cost per major cutter. These figures include: pay and allowances for the crew, fuel, maintenance, electronics support, and other miscellaneous operating costs.

FLEET OPERATING COSTS—ANNUAL AVERAGE PER CUTTER

[In millions of dollars]

Fiscal year	1993 actual	1994 estimate	1995 estimate
WHEC 378	9.05	9.26	9.43
WHEC 270	5.74	5.87	5.98
WMEC 210	4.16	4.25	4.33
WAGB 399	12.42	12.73	12.97

CHIEF FINANCIAL OFFICERS' ACT

Mr. CARR. Are any funds included in either your fiscal year 1994 or 1995 budgets for implementation of the Chief Financial Officers Act? If so, please state the amount and briefly describe how the funds would be used and how many full-time positions and full-time equivalent staff years would be financed.

[The information follows:]

The fiscal year 1994 and 1995 budgets do not have any funds or positions specifically programmed for implementation of the Chief Financial Officers (CFO) Act. Existing staffs at Coast Guard headquarters, the Coast Guard Finance Center, and various field units facilitate overall Coast Guard compliance with provisions of the CFO Act through the course of their regular duties and functions.

FISHING VESSEL INSPECTION PROGRAM

Mr. CARR. Are you requesting funds again this year for the proposed commercial fishing industry vessel inspection program?

[The information follows:]

No, there is no legislative authority for a commercial fishing industry vessel inspection program. Without the legislative authority, the Coast Guard believes that a request for funds is premature.

On November 12, 1992, the Coast Guard forwarded to Congress a plan recommending the inspection of commercial fishing industry vessels. This proposal is a result of the "Commercial Fishing Industry Vessel Safety Act of 1988", which among other things, mandated two studies of fishing vessel safety, as well as requested a Coast Guard recommendation on a formal commercial fishing vessel inspection program. The general outline of those recommendations and several inspection options envisioned are contained in the plan submitted to Congress.

OIL SPILL TRUST FUND—PAYMENT OF CLAIMS

Mr. CARR. Please provide data on estimated payment of third party claims out of the oil spill liability trust fund for all fiscal years since the fund was established through fiscal year 1995.

[The information follows:]

The table below shows the amount of claims paid through fiscal year 1993 and estimates for fiscal years 1994 and 1995.

Claims paid

Fiscal year:	*Amount paid*
1990	(1)
1991	(1)
1992	$94,000
1993	$6,328,000
1994 (estimate)	$10,000,000
1995 (estimate)	$10,000,000

[1] Data is unavailable prior to March 1992 when authority to adjudicate claims was delegated to the National Pollution Funds Center.

OIL SPILL TRUST FUND—EMERGENCY FUND

Mr. CARR. Please provide a similar table for emergency fund obligations from the oil spill liability trust fund.

[The information follows:]

The table below shows the amount of Emergency Fund costs through fiscal year 1993 and estimates for fiscal years 1994 and 1995.

Emergency fund costs

Fiscal year:	*Costs*
1990	$796,000
1991	22,767,000
1992	17,745,000
1993	20,104,000
1994 (estimate)	90,000,000
1995 (estimate)	33,000,000

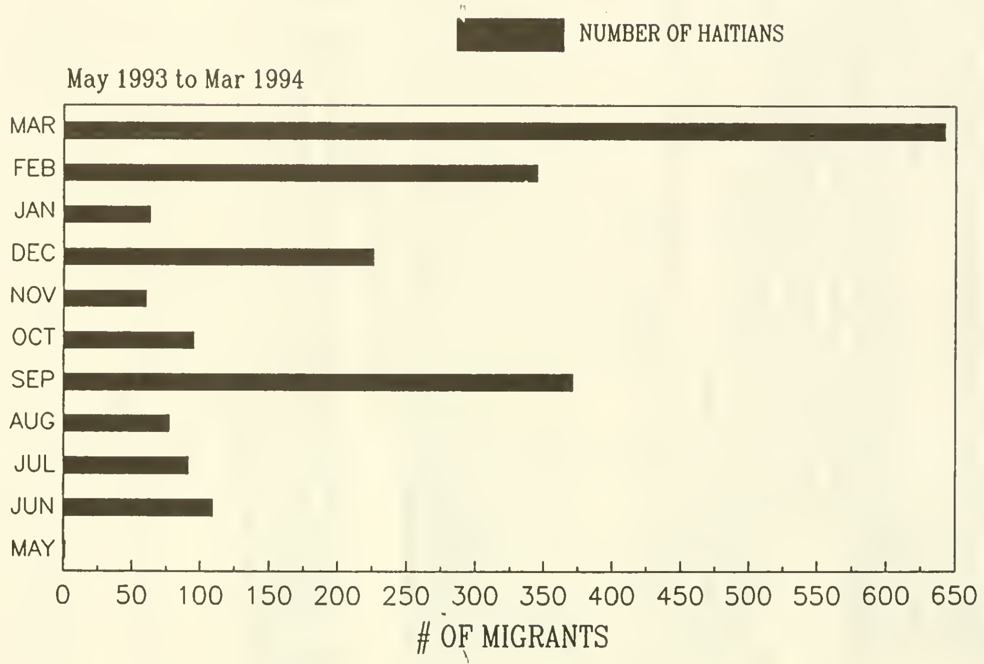
The 1994 estimate includes projected expenditures associated with the Berman tug and barge oil spill in San Juan, Puerto Rico.

HAITIAN INTERDICTION

Mr. CARR. Please update the bar graph on page 1038 of last year's hearing record showing Haitian interdictions at sea by the Coast Guard.

[The information follows:]

HAITIAN INTERDICTIONS AT-SEA BY COAST GUARD



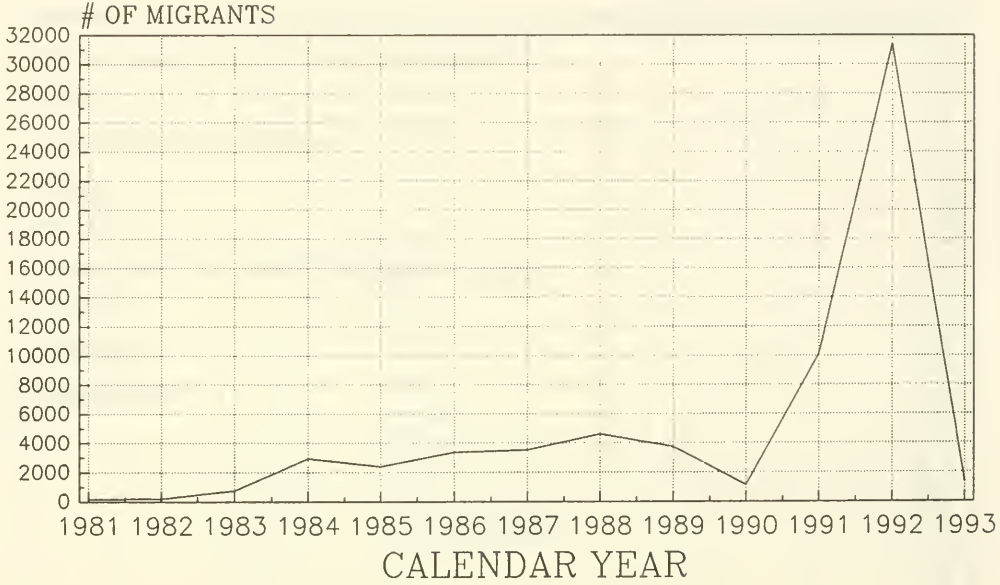
HAITIAN INTERDICTIONS

Mr. Carr. Please also update the line graph on page 1040 showing a long-term chronology of Haitian interdictions.

[The information follows:]

HAITIAN INTERDICTIONS BY USCG

FOR CY '81–93



AUXILIARY

Mr. CARR. What direct support does the Coast Guard provide to the Coast Guard Auxiliary, and how much appropriated fund support is planned for fiscal years 1994 and 1995?

[The information follows:]

The Coast Guard provides training and administrative support to the Auxiliary through dedicated personnel assigned to Coast Guard Headquarters and each Coast Guard district. Operating funds provide for fuel, or monetary reimbursement for fuel, used by Auxiliarists when under orders; special purpose equipment for use by Auxiliarists; travel; printing of training manuals, curriculum, examinations and other training materials, Auxiliary recruiting and safety brochures, the "Navigator" (a member publication), and other materials; preparation of medals and awards; audiovisual materials and services; operating the Auxiliary National Supply Center and providing support for mailing and distribution of materials; maintaining the Auxiliary Management Information System; and paying damage, death, and disability claims. These operating and maintenance costs, excluding personnel costs, amounted to $6.56 million in fiscal year 1993. We plan to maintain a similar level of support in fiscal years 1994 and 1995.

Mr. CARR. Please update the statistics on activities of the Auxiliary found on page 1041 of last year's hearing record.

[The information follows:]

The Coast Guard Auxiliary continues to be an important component of our search and rescue (SAR) effort. They provide valuable service on SAR cases involving very low threat to life or property. The total number of SAR responses reported to the Coast Guard during the past four years, and the number of cases involving Auxiliary, commercial, and other public providers is as follows:

Fiscal year	Total	Auxiliary	Commercial	Public providers
1990	64,972	6,928	4,650	2,960
1991	67,816	6,697	4,397	3,186
1992	69,856	6,498	4,254	2,771
1993	69,710	6,433	4,253	2,738

Information from the 1992 SAR Statistics (COMDTPUB P16107.6) and the 1993 SAR statistics database.

SMALL BOAT STATIONS AND STAFFING

Mr. CARR. Please update the geographic listings of Coast Guard stations and associated staffing found on pages 1051 through 1062 of last year's hearing record by providing data for fiscal years 1994 and 1995.

[The information follows:]

The geographic listing of Coast Guard small boat units and associated staffing for fiscal year 1994 is given below. The fiscal year 1995 information pends completion of the process to determine which small boat units the Coast Guard will close in fiscal year 1995. The closure list will be forwarded to Congress by mid-May 1994.

BILLET TOTALS FOR SMALL BOAT STATIONS BY DISTRICT
AS OF 19 APRIL 1994

DIST	OPFAC	UNIT NAME	CO	WO	ENL	TOTAL
01	30105	CG STA BOSTON	0	0	25	25
	30107	CG STA WOODS HOLE	0	0	22	22
	30109	CG STA BRANT POINT	0	0	24	24
	30115	CG STA CAPE COD CANAL	0	0	26	26
	30121	CG STA CASTLE HILL	0	1	26	27
	30124	CG STA CHATHAM	0	0	27	27
	30126	CG STA PROVINCETOWN	0	0	25	25
	30129	CG STA SOUTH PORTLAND	0	0	25	25
	30133	CG STA MENEMSHA	0	0	26	26
	30136	CG STA GLOUCESTER	0	0	29	29
	30141	CG STA JONESPORT	0	0	33	33
	30145	CG STA MERRIMAC RIVER	0	0	25	25
	30154	CG STA POINT ALLERTON	0	1	32	33
	30157	CG STA POINT JUDITH	0	0	32	32
	30160	CG STA PORTSMOUTH HB	0	1	21	22
	30161	CG STA BURLINGTON	0	0	21	21
	30169	CG STA SCITUATE	0	0	25	25
	30180	CG STA NEW HAVEN	0	0	18	18
	30182	CG STA FORT TOTTEN	0	0	23	23
	30196	CG STA EATONS NECK	0	1	38	39
	30199	CG STA FIRE ISLAND	1	0	33	34
	30200	CG STA NEW YORK	1	0	51	52
	30217	CG STA MANASQUAN INLET	0	1	28	29
	30223	CG STA MONTAUK	0	0	25	25
	30232	CG STA ROCKAWAY	0	1	34	35
	30235	CG STA SANDY HOOK	1	0	37	38
	30238	CG STA SHARK RIVER	0	0	19	19
	30241	CG STA SHINNECOCK	0	1	28	29
	30244	CG STA JONES BEACH	0	1	32	33
	30606	CG STA BOOTHBAY HARBOR	0	0	23	23
	30612	CG STA ROCKLAND	0	1	25	26
	30630	CG STA NEW LONDON	2	0	42	44
TOTAL DISTRICT 01			5	9	900	914
05	30140	CG STA CRISFIELD	0	0	22	22
	30184	CG STA ATLANTIC CITY	1	0	28	29
	30187	CG STA BARNEGAT	1	0	31	32
	30190	CG STA BEACH HAVEN	0	1	29	30
	30208	CG STA INDIAN RVR INLET	1	0	36	37
	30229	CG STA GREAT EGG	0	0	28	28
	30251	CG STA CURTIS BAY	0	0	24	24

BILLET TOTALS FOR SMALL BOAT STATIONS BY DISTRICT
AS OF 19 APRIL 1994

DIST	OPFAC	UNIT NAME	CO	WO	ENL	TOTAL
05	30254	CG STA PORTSMOUTH	0	0	21	21
	30264	CG STA CHINCOTEAGUE	0	0	21	21
	30269	CG STA FORT MACON	0	0	26	26
	30271	CG STA HATTERAS INLT	0	0	22	22
	30272	CG STA HOBUCKEN	0	0	18	18
	30277	CG STA LITTLE CREEK	0	0	22	22
	30278	CG STA CAPE CHARLES	0	0	22	22
	30287	CG STA MILFORD HAVEN	0	0	23	23
	30289	CG STA OAK ISLAND	0	0	32	32
	30292	CG STA OCEAN CITY	0	0	25	25
	30295	CG STA OCRACOKE	0	0	20	20
	30298	CG STA OREGON INLET	0	0	31	31
	30300	CG STA COINJOCK	0	0	11	11
	30301	CG STA PARRAMORE BEACH	0	0	22	22
	30303	CG STA ANNAPOLIS	0	1	30	31
	30304	CG STA SWANSBORO	0	0	16	16
	30305	CG STA ST INIGOES	0	0	20	20
	30624	CG STA CAPE MAY	0	1	46	47
	30710	CG STA STILLPOND	0	0	19	19
	30846	CG STA TAYLORS ISLAND	0	0	19	19
	30860	CG STA WRIGHTSVILLE BCH	0	0	20	20
TOTAL DISTRICT 05			3	3	684	690
07	30299	CG STA SAN JUAN	0	0	18	18
	30306	CG STA GEORGETOWN	0	0	21	21
	30308	CG STA ST PETERSBURG	2	2	51	55
	30309	CG STA FT MYERS BEACH	0	0	24	24
	30310	CG STA FORT PIERCE	0	1	33	34
	30311	CG STA ISLAMORADA	0	1	25	26
	30313	CG STA LAKE WORTH INLET	0	1	45	46
	30314	CG STA MARATHON	0	0	24	24
	30315	CG STA FORT LAUDERDALE	2	0	47	49
	30316	CG STA PONCE DE LEON	0	0	25	25
	30317	CG STA PORT CANAVERAL	0	1	26	27
	30318	CG STA TYBEE	0	0	29	29
	30319	CG STA SIMONS ISLAND	0	0	21	21
	30321	CG STA CLEARWATER	0	0	24	24
	30323	CG STA KEY WEST	0	0	24	24
	30324	CG STA YANKEETOWN	0	0	21	21
	30326	CG STA CORTEZ	0	0	23	23
	30345	CG STA MIAMI BEACH	0	1	39	40
	30347	CG STA MAYPORT	0	0	18	18
	30348	CG STA CHARLESTON	0	0	18	18
TOTAL DISTRICT 07			4	7	556	567

BILLET TOTALS FOR SMALL BOAT STATIONS BY DISTRICT
AS OF 19 APRIL 1994

DIST	OPFAC	UNIT NAME	CO	WO	ENL	TOTAL
08	30325	CG STA FREEPORT	0	0	23	23
	30327	CG STA DESTIN	0	0	28	28
	30328	CG STA GRAND ISLE	0	1	29	30
	30331	CG STA PORT ARANSAS	0	0	29	29
	30332	CG STA MOBILE	0	0	26	26
	30333	CG STA PENSACOLA	0	0	21	21
	30334	CG STA PORT ISABEL	0	0	31	31
	30335	CG STA GULFPORT	0	0	27	27
	30336	CG STA VENICE	0	0	22	22
	30337	CG STA PORT O'CONNOR	0	0	29	29
	30338	CG STA NEW ORLEANS	0	0	42	42
	30339	CG STA SABINE	0	0	27	27
	30341	CG STA PANAMA CITY	0	0	23	23
	30342	CG STA PASCAGOULA	0	0	22	22
TOTAL DISTRICT 08			0	1	379	380
09	30343	CG STA ASHTABULA	0	0	16	16
	30349	CG STA BUFFALO	0	0	18	18
	30352	CG STA CALUMET HARBOR	0	0	23	23
	30355	CG STA CHARLEVOIX	0	0	16	16
	30364	CG STA DULUTH	0	0	19	19
	30367	CG STA ERIE	0	0	24	24
	30370	CG STA FAIRPORT	0	0	18	18
	30375	CG STA BAYFIELD	0	0	10	10
	30379	CG STA GRAND HAVEN	0	1	39	40
	30391	CG STA KENOSHA	0	0	15	15
	30394	CG STA LORAIN	0	0	21	21
	30397	CG STA LUDINGTON	0	0	14	14
	30405	CG STA PORTAGE	0	0	19	19
	30406	CG STA MARQUETTE	0	0	12	12
	30407	CG STA SAULT STE MARIE	0	0	8	8
	30409	CG STA MICHIGAN CITY	0	0	18	18
	30412	CG STA MILWAUKEE	0	0	18	18
	30424	CG STA OSWEGO	0	0	26	26
	30433	CG STA PORT HURON	0	0	19	19
	30439	CG STA ROCHESTER	0	0	18	18
	30442	CG STA ST JOSEPH	0	0	18	18

BILLET TOTALS FOR SMALL BOAT STATIONS BY DISTRICT
AS OF 19 APRIL 1994

DIST	OPFAC	UNIT NAME	CO	WO	ENL	TOTAL
09	30445	CG STA SHEBOYGAN	0	0	14	14
	30450	CG STA ST IGNACE	0	0	26	26
	30451	CG STA STURGEON BAY	0	0	22	22
	30454	CG STA TAWAS	0	0	20	20
	30457	CG STA TWO RIVERS	0	0	14	14
	30460	CG STA WILMETTE HARBOR	0	0	18	18
	30663	CG STA ST CLAIR SHORES	0	1	36	37
	30666	CG STA TOLEDO	0	0	26	26
	30880	CG STA SAGINAW RIVER	0	0	20	20
	30926	CG STA MANISTEE	0	0	5	5
	30928	CG STA HARBOR BEACH	0	0	5	5
	30929	CG STA MARBLEHEAD	0	0	29	29
	30931	CG STA BELLE ISLE	0	0	25	25
	30934	CG RESAUG STA FRANKFORT	0	0	12	12
	30938	CG STA NIAGARA	0	0	11	11
	30950	CG AUXOP STA SODUS	0	0	1	1
	30952	CG AUXOP STA SACKETS HB	0	0	1	1
	30959	CG AUXOP STA GREEN BAY	0	0	2	2
	30960	CG AUXOP STA ALPENA	0	0	1	1
	30975	CG STA CLEVELAND HRBR	0	0	22	22
TOTAL DISTRICT 09			0	2	699	701
11	30462	CG STA BODEGA BAY	0	0	25	25
	30466	CG STA HUMBOLDT BAY	0	1	32	33
	30467	CG STA GOLDEN GATE	0	1	29	30
	30470	CG STA MARE ISLAND	0	0	20	20
	30670	CG STA LAKE TAHOE	0	0	9	9
	30796	CG STA CHANNEL ISL HRBR	0	1	34	35
	30885	CG STA SAN FRANCISCO	0	0	31	31
	30887	CG STA LOS ANGELES/LBCH	0	0	24	24
	30888	CG STA SAN DIEGO	0	0	23	23
	30890	CG STA RIO VISTA	0	0	15	15
TOTAL DISTRICT 11			0	3	242	245
13	30475	CG STA CAPE DISAPPOINT	1	0	47	48
	30478	CG STA COOS BAY	0	1	45	46
	30481	CG STA GRAYS HARBOR	0	1	40	41
	30484	CG STA NEAH BAY	0	1	31	32
	30493	CG STA QUILLAYUTE RIVER	0	0	27	27
	30496	CG STA TILLAMOOK BAY	0	1	37	38

BILLET TOTALS FOR SMALL BOAT STATIONS BY DISTRICT
AS OF 19 APRIL 1994

DIST	OPFAC	UNIT NAME	CO	WO	ENL	TOTAL
13	30499	CG STA UMPQUA RIVER	0	0	38	38
	30505	CG STA YAQUINA BAY	0	1	40	41
	30506	CG STA SEATTLE	0	0	23	23
	30508	CG STA BELLINGHAM	0	0	19	19
	30672	CG STA DEPOE BAY	0	0	24	24
	30678	CG STA CHETCO RIVER	0	1	41	42
	30684	CG STA SIUSLAW RIVER	0	0	28	28
TOTAL DISTRICT 13			1	6	440	447
14	30143	CG STA MAUI	0	0	8	8
	30144	CG STA HONOLULU	0	0	19	19
TOTAL DISTRICT 14			0	0	27	27
17	30520	CG STA JUNEAU	0	0	16	16
	30521	CG STA KETCHIKAN	0	0	17	17
TOTAL DISTRICT 17			0	0	33	33
TOTAL			13	31	3960	4004

DRUG INTERDICTION RESOURCE HOURS

Mr. CARR. Please update the data on cutter and aircraft resource hours utilized for drug interdiction purposes, as shown on page 1063 of last year's hearing record.

[The information follows:]

The following data reflects Coast Guard cutter and aircraft drug law enforcement resource hours for fiscal years 1985 through 1993:

Cutter resource hours

	Hours
Fiscal year:	
1985	144,828
1986	121,187
1987	161,811
1988	126,786
1989	158,047
1990	152,482
1991	116,937
1992	81,468
1993	61,627
1994 (1st qtr)	11,512

Aircraft resource hours

1985	18,155
1986	13,260
1987	21,458
1988	18,486
1989	26,728
1990	26,126
1991	23,701
1992	15,302
1993	10,336
1994 (1st qtr)	1,787

DRUG SEIZURES/OPERATING HOURS

Mr. CARR. Please update the table on drug seizures and operating hours shown on pages 1063 through 1064 of last year's hearing record.

[The information follows:]

The following data reflects Coast Guard cutter and aircraft drug law enforcement operating hours for fiscal years 1988 through 1993 compared to all drug seizures by the Coast Guard:

	Fiscal year—[1][2][3]					
	1988	1989	1990	1991	1992	1993
Cutter:						
Hours/vessel seized	886	1,040	1,588	2,542	1,234	2,679
Lbs. Marijuana/hour	5.1	2.0	0.3	0.3	0.6	0.8
Lbs. Cocaine/hour	0.1	0.1	0.2	0.3	0.2	0.5
Aircraft:						
Hours/vessel seized	129	189	272	515	232	449
Lbs. Marijuana/hour	34.9	10.9	2.0	1.3	3.3	4.5
Lbs. Cocaine/hour	0.8	0.6	1.2	1.4	1.1	3.2

[1] The ratios provided may be misleading since these statistics only reflect seizure data. The Coast Guard's role in drug control strategy is to deny maritime smuggling routes to narcotraffickers. Besides actual seizures, Coast Guard ships and aircraft also act as deterrents to maritime smuggling. This is similar to stationing a police officer outside a convenience store—it is highly unlikely that the store would be robbed while the police officer was present. Only measuring "robbers arrested" would not portray the effectiveness of the police officer.

[2] This table is based on "Coast Guard only" seizures. However, drug seizures are increasingly based on the coordinated efforts of several drug interdiction agencies.

[3] The 1993 data was computed by dividing both aircraft and cutter drug enforcement operating hours by the total seizure data for the year. Our drug seizure data does not identify whether the seizure was made by an aircraft or a cutter, or both. Because aircraft have a lower overall number of annual operating hours (approx. 20% that of cutters), the table will always indicate fewer hours per seizure and higher quantities of drugs seized per hour for aircraft when compared to cutters.

DRUG SEIZURE STATISTICS

Mr. CARR. Please update the table showing Coast Guard contraband seizures shown on page 1064 of last year's hearing record.

[The information follows:]

The following data reflects Coast Guard contraband seizures for fiscal years 1986 through 1993:

	Fiscal year—							
	1986	1987	1988	1989	1990	1991	1992	1993
Vessels seized	149	152	143	152	96	46	43	23
Marijuana (thous lbs)	1,840	1,302	644	312	53	31	51	47
Cocaine (thous lbs)	7	13	15	16	30	33	17	33
Hashish (thous lbs)	2	0	0	0	13	142	0	0
Hash oil (thous lbs)	35	13	52	69	0	0	0	0
Arrests (USCG only)	645	568	372	278	182	106	131	99

DEFENSE READINESS RESOURCES

Mr. CARR. Please update the information on defense readiness resources (dollars, missions, and hours) shown on page 1065 of last year's hearing record.

[The information follows:]

Defense readiness budget information on page 1065 was developed by a "program budget" cost allocation model. The model spreads the Coast Guard Operating Expenses appropriation across operational mission categories based on the percentage of time Coast Guard multi-mission assets report spending on each mission. The defense readiness budget is as follows:

[In millions of dollars]

	Fiscal year—		
	1993	1994	1995
Operating expenses	87.8	83.6	85.4
AC&I	11.0	7.7	10.3
RDT&E	0.5	0.4	0.5
Total	99.3	91.7	96.2

Workload data for fiscal year 1993 is as follows:

	Missions	Hours
Cutter	307	5,979
Aircraft	228	490
Shore stations	4,531	10,857

Note.—The computer program used to estimate operating funds is called the program budget model. The program budget model is a comprehensive tool used to approximate multi-mission resource Operating Expenses allocated between the various operating and support programs. One shortfall in this methodology is that the program budget model based on the last completed years' operating data and support costs, which can include data up to two years old. For this reason comparisons between budget submissions will usually show differences as the figures are updated with the most recent data. For example, changes in 1994 operating expenses obligations, from the 1994 budget submission, were programmatically spread based on 1992 operating data and support costs; whereas, the revised 1994 estimates reflected in the 1995 budget are based on like information from 1993.

ATTRITION RATES

Mr. CARR. Please update the information on attrition rates for aviation and nonaviation personnel shown on page 1065 of last year's hearing record.

[The information follows:]

Final fiscal year 1993 statistics show a slightly lower rate of attrition for aviators when compared to non-aviator personnel. Projections for fiscal year 1994 predict a continued lower aviator attrition rate of .9 times the non-aviator rate.

	Aviator (percent)	Non-aviator (percent)	Comparison factor: aviator/ non-aviator
Fiscal year:			
1986	6.3	3.8	1.7
1987	7.6	2.4	3.2
1988	6.2	2.7	2.3
1989	4.1	2.4	1.7
1990	3.1	2.5	1.2
1991	3.3	3.3	1.0
1992	4.0	4.6	.9
1993	4.1	5.7	.7
1994 (Projection)	6.1	7.2	.9

Note.—Fiscal year 1994 figures are based on March 1994 projections.

Mr. CARR. Please provide detailed data showing the attrition rates by pay grade and specific rating.

[The information follows:]

The tables below depict the fiscal year 1993 attrition rates for the paygrades E-2 through E-9 and the enlisted ratings.

1993 loss rates by pay grade

	Percent
E-2	12.66
E-3	11.16
E-4	13.50
E-5	6.63
E-6	3.48
E-7	7.19
E-8	10.55
E-9	18.27

1993 loss rates by enlisted ratings (see key below)

	Percent
AD	5.92
AE	5.31
AM	3.98
ASM	4.68
AT	6.13
BM	8.59
DC	7.56
EM	7.31
ET	7.14
FT	11.73
GM	9.20
HS	11.52
MK	9.16
MST	8.21
PA	13.86
QM	8.72
RD	9.87
RM	9.43
SK	7.24
SS	10.13
TT	10.81
YN	9.49
Rated average	8.50

Attrition rates (loss rates) are calculated by dividing the number of people who left the Coast Guard during the fiscal year by the number of personnel at the beginning of the fiscal year.

AD—Aviation Machinist's Mate
AE—Aviation Electrician's Mate
AM—Aviation Structural Mechanic
ASM—Aviation Survivalman
AT—Aviation Electronic's Technician

BM—Boatswain's Mate
DC—Damage Controlman
EM—Electrician's Mate
ET—Electronics Technician
FT—Fire Control Technician
GM—Gunner's Mate
HS—Health Care Technician
MK—Machinery Technician
MST—Marine Science Tech.
PA—Public Affairs Spec.
QM—Quartermaster
RD—Radarman
RM—Radioman
SK—Storekeeper
SS—Subsistence Specialist
TT—Telephone Technician
YN—Yeoman

RECRUITING BUDGET

Mr. CARR. Please update the breakdown of your recruiting budgets for fiscal year 1994 and 1995, similar in format to that shown on page 1066 of last year's hearing record.

[The information follows:]

The actual recruiting budget for 1994 is $6,450,000. This includes a $866,000 cut directed by Congress in the 1994 Appropriations Bill. This budget includes funds for recruiting offices, regional recruiting commands and headquarters. The following budgets outline fiscal years 1994 and 1995 plans (not including personnel or central overhead costs):

BREAKDOWN OF RECRUITING BUDGET

Costs	Fiscal year—	
	1994	1995
Operating Expenses:		
Maintenance Contracts, telephone, vehicles, travel	$2,127,517	$2,182,833
Utilities	83,260	82,425
Facility Leases	1,269,441	878,176
Local Advertising	407,782	305,000
Advertising:		
Minority, women's, and general	1,703,000	1,731,957
Public Service Announcement Production/Distribution	160,000	218,100
Joint Advertising Participation	130,000	150,000
Lead Fulfillment Services	139,000	143,000
JROTC pilot	100,000	80,000
Academy Information Program (AIP)	0	50,000
MORE Program Support	230,000	230,000
Pre-Commissioning Program for Enlisted Personnel (PPEP)	100,000	100,000
Recruiting Reorganization:		
Lease buy-outs, moving costs, Update Recruit Reservation System	N/A	279,000
Total	6,450,000	6,430,491

Note.—Recruiting reorganization costs (non-recurring in 1995 and expected 1995 lease savings due to recruiting force downsizing have been included In addition, the 1995 figure includes a projected 1.7 percent COLA distribution.

HEALTH CARE COSTS

Mr. CARR. Please update the data on total health care costs as shown on page 1066 of last year's hearing record by providing data for fiscal years 1993 through 1995.

[The information follows:]

The following are our most recent projections of health care costs for active duty personnel and their dependents for fiscal years 1993, 1994, and 1995 in millions. These figures do not include retired pay health care costs. 1993 costs are still "pro-

	Civilian to military ratio
Fiscal year:	
1990	1:6.7
1991	1:6.5
1992	1:6.1
1993	1:6.1

The average attrition rates for both permanent civilian employees and military personnel are listed below:

[In percent]

	Civilian	Military
Fiscal Year:		
1990	13.0	12.39
1991	9.9	12.62
1992	8.9	11.39
1993	7.4	9.41

MILITARY PERSONNEL ROTATIONS

Mr. CARR. Please update the data on military personnel rotations as shown on page 1068 of last year's hearing record.

[The information follows:]

	Rotate percent	Average cost
Fiscal Year:		
1989	36.3	$2,752
1990	37.8	3,040
1991	41.4	3,096
1992	31.5	3,567
1993	29.6	3,640
1994 estimated	25.5	3,816

210 MMA—USE OF OPERATING FUNDS

Mr. CARR. The Committee was recently advised that OE funds were used for a portion of a major maintenance availability for one of the 210 cutters. Since the 210 MMA is accomplished using AC&I funds, why were OE funds used also?

[The information follows:]

OE funds were not used to fund a portion of the 210 MMA. OE funds were used for maintenance work that was not intended to be part of the MMA AC&I project. For example, the 210 B class portion of the MMA does not include any work on the main diesel engines. Engine overhauls are a normal OE maintenance item. The main diesel engines had to be removed to make way for the MMA work. Rather than store these engines in a warehouse, we took this opportunity to contract for the normal OE overhauls. Likewise, we took advantage of vessel down-time and accessibility to complete other deferred OE work, including structural repairs. This avoided greater expense to accomplish the same work during future routine OE funded maintenance periods.

ALLOWABLE USES OF COAST GUARD APPROPRIATIONS

Mr. CARR. What formal budgeting or financial management guidance has the Coast Guard issued delineating when OE funds may be used for AC&I projects?

[The information follows:]

On April 16, 1993, the Coast Guard promulgated Commandant Instruction 7300.6, Purpose and Use of Coast Guard Appropriations. This instruction provides general jected" since all the bills for care provided to active duty personnel and their dependents during 1993 have not been received.

[In millions of dollars]

Fiscal year 1993 projected	115.8
Fiscal year 1994 projected	115.0
Fiscal year 1995 projected	125.5

COAST GUARD ACADEMY ANNUAL COSTS

Mr. CARR. Please update the table on annual operating costs for the Coast Guard Academy as shown on pages 1066 through 1067 of last year's hearing record.

[The information follows:]

	Direct annual mission cost	Total annual operating cost
Fiscal year:		
1993	$45,890,000	$53,361,000
1994	45,362,000	52,746,000
1995	46,271,000	53,804,000

Note.—Total annual operating costs represent the total appropriated cost to operate the Academy and all of its collateral missions (e.g. vessel home port, personnel reporting unit, procurement function, clinic, CG band, etc.). The direct annual mission cost is that portion of the total directly allocated to supporting the education and training mission. It is computed according to a formula prescribed by the General Accounting Office and is figured in a relatively consistent manner among service academies.

The fiscal year 1995 figures assume a pay raise of 1.6 percent commencing 1 January 1995 for all personnel and a restoration of the $600,000 budget reduction taken in fiscal year 1994.

Personnel costs account for 74 percent of the Academy's projected fiscal year 1995 total annual operating costs.

WOMEN AND MINORITIES IN THE COAST GUARD

Mr. CARR. Please update the table on page 1067 of last year's hearing record showing the percentages of women and minorities in the Coast guard compared to other military services.

[The information follows:]

Women and Minorities in the U.S. Armed Forces as of September 30, 1993:

[In percent]

	Officer	W/O	Enlisted
Women by service:			
Coast Guard	7.4	1.5	8.4
Army	12.6	3.8	12.4
Navy	12.5	5.7	10.5
Air Force	14.6	N/A	15.1
Marine Corps	3.4	5.4	4.5
Minorities by service:			
Coast Guard	8.3	6.7	17.4
Army	17.5	17.3	41.2
Navy	10.9	18.8	30.9
Air Force	11.0	N/A	23.9
Marine Corps	10.6	17.1	30.0

All service information obtained from DMDC–36940 report dated September 30, 1993.

Minorities include African Americans, Hispanics, Asian/Pacific Islanders, and Native Americans.

CIVILIAN/MILITARY STAFFING

Mr. CARR. Please update the tables on civilian/military ratios and average civilian/military attrition rates shown on pages 1067 through 1068 of last year's hearing record.

[The information follows:]

The Coast Guard ratio of appropriated civilian full time permanent positions (FTP) to total appropriated military FTP for fiscal years 1990 to 1993 is as follows:

guidelines on using OE and AC&I appropriations and the restrictions on concurrent use of these funds.

VESSEL & AIRCRAFT MODIFICATIONS

Mr. CARR. Please update the listing of vessel and aircraft modification work under "operating expenses" showing costs incurred per item for fiscal year 1993, similar in format to that shown on pages 1082 and 1083 of last year's hearing record.

[The information follows:]

The following vessel modifications were executed during 1993:

Project	*Thousands*
High/Medium Endurance and Training Cutters:	
210 WMEC Main Diesel Engine Overhaul	$1,400
210 WMEC Structural Repairs	1,000
210 WMEC Salt Water Stern Tube Conversion	343
210 WMEC Water Tight Integrity Upgrades	670
210 WMEC Flight Deck Nets	70
CGC ACTIVE Shaft Realignment	350
213 WMEC Nav Light Modification	30
CGC ACUSHNET Emergency Diesel Generator Installation	375
270 WMEC Commissary Hoist	105
270 WMEC Controllable Pitch Propeller Hubs	45
270 WMEC Refrigeration System	175
378 WMEC Main Deck Strengthening	300
378 WMEC Oil Water Seperator Modification	200
378 WMEC JP–5 Capacity Increase	300
CGC EAGLE Emergency Generator	250
GG4A Turbine Conversion	500
Patrol Boats:	
41 UTB Fuel Oil System Modifications	300
41/44 UTB Nav Light Modifications	20
82 WPB Reengining	1,083
82 WPB Nav Light Upgrade	288
82 WPB Generator Replacement	50
110 WPB Slow Speed Drive	58
110 WPB Bottom Strengthening	493
110 WPB Brominators	50
110 WPB Noise Abatement	50
110 WPB Messdeck Modifications	120
110 WPB Mast Stand Offs	195
ATON Cutters:	
55 ANB Generator Set Replacement	264
55 ANB Crane Replacement	300
65 WLIC Ship's Boom Upgrade	40
65 WYTL Reengining	230
65 WYTL Generator Set Upgrade	50
65 WYTL A/C Upgrade	120
65 WLI Bulkhead 4 Installation	20
WLR/WLIC Generator Set Upgrade	140
CGC SMILAX Spud Removal	20
CGC WEDGE Stepdown Transformer	15
157 WLM Fuel Oil Tank Conversion	27
160 WLIC Winch Replacement	150
180 WLB Thrust Bearing Upgrade	150
180 WLB ShipAlt and Repair Projects	200
180 WLB Renew Propulsion Control System	410
180 WLB Steering System Support	155
180 WLB Boom Control Switch Modification	40
Nav Light Upgrades for ATON Cutters	570
Icebreakers:	
Polar Science Upgrade	3
WTGB Machinery Room Vent ShipAlt	25
WTGB Cable Cutter ShipAlt	20

	Thousands
General:	
CT Winch Installation	350
MK6 Liferaft Installation	625
DC WIFCOM ShipAlts	225
Total	12,969

The following aircraft modifications were executed during 1993:

Project	*Thousands*
HH–60 Helicopter:	
Access Cambered Fairing	$9
Deck Drain	27
Replacement of Main Gear Box Flange	19
Inspection of Bifilar Washers	8
Fuel Hose Assembly	6
Inspection of Cabin Frame	6
Inspection of Cabin Frame	52
Fuel Hose Assembly	6
Flight Control Push Rod	5
Spindle Color Coding	8
Bleed Air Slot	11
Digital Unit Sealing	3
Inspection of Load Demand Spindle and Power Available Spindle	12
Digital Electronic Control Unit Upgrade	10
Fire Bottle Removal	3
Cabin Door Rail Guard	18
Aircraft Identification Markings	15
Main Rotor Pitch Control Rod Attaching Bolt Inspection	9
Panel NVG Filter	18
Engine Water Wash Tube	13
Nose Door Seal	13
Inspection of Stabilator Actuator	8
Crew Seat Inspection	6
Cable Cutter Spacer	6
High Frequency (HF) Antenna Parts	12
VOR Test Set	2
Radar Antenna Improvement	7
HU–25 Aircraft:	
APU Shroud Modifications	3
Emergency Equipment Configuration	5
HU–25C Cooling Duct	3
Emergency Equipment Configuration C	3
#2 HYD Tank Drain	3
Stand-by Pump Teflon Hose	15
APU Muffler Clamp	4
Stormscope	152
COTHEN/ALE	107
Fire Warning Panel Head	6
Frame 00 Water Drains	2
Feeder Tank Control Hoses	12
Engine Apron Drain Holes	14
Aircraft Markings	3
Vertical Fin Drain	4
Vertical Fin Bulkhead	3
HC–130H Aircraft:	
Install Aux Tank Vent Valves	47
Insepct Main Landing Gear Drag Pins	92
MLG Soft Shruts	16
T–56A–7 Engine Turbine Rotor Replacement	2,500
Serialization of Compressor and Turbine	4
Static Line Anchor Turnbuckle	4
Install Anchor Arm Control Switches	9
MLG Safety Tie Stowage Provisions	157
Modify Hinge Pin/Aux Fuel Tank Vent	4
Inspect Wing Flap High Pressure HYD Lines	5

	Thousands
Insepct MLG Insp Window	3
Inspect Rudder Aft Push Pull Rod	5
Aileron Booster Actuator	54
Inspect Outer Wing Attach Bolts	6
Inspect Prop Standby Filters	4
Dual Power Source for Pilot & Co-Pilot ADI	5
Electrical Power Monitoring	13
HH–3F Helicopter:	
Night Vision Goggles Head-Up Display	23
HH–65 Helicopter:	
Radar Antenna Improvement	21
Main Rotor Shaft Upgrade	77
Engine Deck Reinforcements	1,000
Series Actuator Motor Replacements	112
Emergency Exit Light Modifications	39
Anti-Collision Light Replacements	39
Large Body Servo Upgrades	689
Torque Transducer Improvements	154
Capacity Damper Replacement	47
Tail Rotor Servo Piston Upgrade	22
Radar Altimeter Test Set	4
Emergency Locator Transmitter Improvement	10
Total	5,816

PASSENGER MOTOR VEHICLES

Mr. CARR. In bill language, you are requesting the authority to purchase 15 passenger motor vehicles, compared to four in past years. Why?

[The information follows:]

In past years, the Coast Guard deferred replacing some vehicles to explore the possibility of transferring its agency-owned general purpose motor vehicles to GSA. We have determined that there is neither cost nor service advantage in converting to GSA; hence we will maintain vehicle ownership. Further deferrals in 1995 will result in unacceptable maintenance costs for our older agency-owned vehicles. We need to replace fifteen vehicles in 1995.

GENERAL DETAIL BILLETS

Mr. CARR. Please discuss the history and theory of budgeting for "general detail" billets as part of the military personnel work force.

[The information follows:]

General detail billets have been a part of the Coast Guard's allowance for at least 25 years. Historically, the size of the General Detail has represented approximately 15 percent of the Coast Guard's billets. Analogous to DOD's individuals account, it compensates for resource allocation problems inherent in a military workforce. As a comparison, the Navy's individuals account is about 17–18 percent. The budget typically addresses the general detail size by adding or deleting an additional 15 percent of the resource adjustments approved in the budget request. As resources are acquired or deleted as a result of the budget process, several different actions occur. If billets are added, more people access at the bottom of the workforce pyramid and training expands to grow these new resources. Promotions may occur a little more quickly, and transfers occur to relocate resources to address new initiatives. If billets are deleted, promotions slow, transfers occur to reallocate resources because they can't be arbitrarily discharged, accessions slow, and some temporary over-billeting may occur. General detail helps accommodate these changes as well as those discussed in the previous paragraph. Several structural changes are occurring within the service which have prompted a review of the rate we use to calculate general detail. Attrition has slowed to an all-time low, transfers are decreasing to address transfer costs and adapt to a cultural shift stemming from our work-life programs. The fiscal year 1995 resource adjustment to the general detail represents a reduction based upon an initial preliminary assessment of this review. The entire analysis should be completed in 6–9 months. Any further adjustments to our general detail requirements will be reflected in the fiscal year 1996 budget request.

Mr. CARR. Specifically, how does the Coast Guard calculate general detail billets and how does that compare to the other military services?

[The information follows:]

The Coast Guard's general detail currently comprises 16.4 percent of all assigned billets. For budgetary purposes, we have used a benchmark of 15 percent as the increment/decrement associated with each budget line item. Our current general detail level is based on historic training and support allowance needs. Other military services follow a similar approach, i.e., levels are based on historic demand. We are most familiar with the U.S. Navy, who's current level of general detail is approximately 20 percent of assigned billets.

Mr. CARR. How has that calculation been changed in your fiscal year 1995 request?

[The information follows:]

The fiscal year 1995 budget request continues to use the 15 percent of assigned billets benchmark for general detail support. Individual budget line items, both reductions and additions are based on the 15 percent benchmark. A separate budget line item, streamline administrative and general support does make an adjustment to our general detail. The Coast Guard is conducting a review and analysis of general detail requirements in the face of "streamlining" initiatives. The 1995 budget line item resource adjustment to the general detail represents a reduction based upon a preliminary assessment pending the completion of the full analysis. There is a high expectation this analysis will support the 1995 reductions. This review and analysis should be completed in 6–9 months. If appropriate, additional adjustments to our general detail requirements will be reflected in the 1996 budget request.

PRINTING COSTS

Mr. CARR. On page 27, you are requesting a 5 percent increase in printing and reproduction costs (from $6,268,000 to $6,597,000). Why is this rate of increase necessary, particularly when the administration is seeking to reduce unneeded regulations and administrative overhead?

[The information follows:]

The primary reason for the increase in this item is due to extraordinary printing and publications' costs related to the aircraft technical documentation and training support for the HC–130 and HH–60J aircraft as printed in item II. E. on page 59 of the 1995 Congressional stage estimates.

STAFFING REDUCTIONS

Mr. CARR. Your budget proposes to cut 2 percent of your civilian work force and 1 percent of your military work force. Why is your civilian work force bearing more of the reductions, as a percentage?

[The information follows:]

The underlying premise of a 1 percent reduction for military is incorrect. The Coast Guard's "Budget Estimate for Fiscal Year 1995", page 9, provides a resource summary for staffing. This summary displays the proposed changes in personnel resources for 1995 and is briefly summarized again below:

FULL-TIME PERMANENT POSITIONS

Totals	Fiscal year 1994	Fiscal year 1995	Total change	Percent change
Military	38,665	37,652	−1,013	−2.6
Civilian	6,285	6,172	−113	−1.8

STAFF YEARS/POSITIONS RATIO

Mr. CARR. Your fiscal year 1995 budget requests 42,319 full-time equivalent staff years, but only 41,509 full-time positions. This seems like a large difference. Why are so many FTEs needed?

[The information follows:]

The fiscal year 1995 budget request does reflect a larger than normal difference between FTP and FTE. The larger difference is the result of greater cuts in the workforce than have been displayed in the recent past. This difference will grow or shrink depending on the nature and size of the cuts.

Congress adds or deletes FTP each year, but typically increases or decreases FTE only half-year to allow for the difficulties of hiring or reducing employees after the Coast Guard's budget is approved. The full change is annualized in the following year's budget request to make the "pot right" between FTP and FTE. With greater cuts to the base in 1995, the difference between FTP and FTE is greater than the normal amount you have seen in the past. FTE will be annualized in the 1996 budget request to zero the difference between FTP & FTE for reductions taken in 1995.

CUTTER MACKINAW DECOMMISSIONS SAVINGS

Mr. CARR. On page 36, you are proposing a base reduction of $1.28 million due to planned decommissioning of the cutter Mackinaw. Last year, you advised us the Mackinaw's O&M costs were approximately $4.6 million a year. If you decommission the cutter, shouldn't you be reducing the base by $4.6 million?

[The information follows:]

No, $1.284 million is the correct reduction for MACKINAW in fiscal year 1995. The MACKINAW funding base is $4.547 million. Our 1994 budget request proposed a reduction of $1.162 million. This amount was taken. In addition, Congressional action on the Coast Guard budget reduced our base by $3.270 million by not allowing the amount the Coast Guard had kept in its base to fund retained personnel resources. $1.088 million of this $3.270 million cut was attributed to MACKINAW. The Coast Guard intended to annualize the remainder in 1995. However, the Coast Guard Authorization Act of 1993 (for fiscal year 1994) prohibited the Coast Guard from decommissioning the MACKINAW until no earlier than 31 December 1994. For the fiscal year 1995 budget, the Coast Guard retained $1.013 million in its base for costs associated with decommissioning MACKINAW during fiscal year 1995 and maintaining Coast Guard housing in the Cheboygan, MI area. The remaining $1.284 million which makes up the MACKINAW's base is proposed for reduction in the fiscal year 1995 budget. The $1.013 million retained by the Coast Guard in fiscal year 1995 will be returned in the fiscal year 1996 budget.

TERMINATION OF INSPECTION FUNCTIONS

Mr. CARR. Please break down the $1,179,000 savings due to termination of selected inspection functions by the four categories described in the justifications on page 37.

[The information follows:]

The table below displays the detailed breakdown of fiscal year 1995 and fully annualized 1997 recurring savings derived from the program reductions obtained by terminating selected inspection functions:

[Dollars in thousands]

	FTP		FTE		Pers. Funds	Operations & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
Eliminate inspection of unmanned barges:							
Fiscal year 1995	−6	0	−2	0	−$101	0	−$101
Annual	−6	0	−6	0	−416	0	−416

(Dollars in thousands)

	FTP		FTE		Pers. Funds	Operations & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
Shifting of responsibility for monitoring liferaft production and testing to independent third parties:							
Fiscal year 1995	−20	0	−5	0	−296	0	−296
Annual	−20	0	−20	0	−1,218	0	−1,218
Stop inspections performed on certain DOD and other government agency vessels:							
Fiscal year 1995	−9	0	−2	0	−140	0	−140
Annual	−9	0	−9	0	−576	0	−576
Terminate the recreational boat factory inspection program:							
Fiscal year 1995	−8	−7	−2	−7	−536	−106	−642
Annual	−8	−7	−8	−7	−839	−177	−1,016

Note 1 in the table on Page 37 is in error. The fully annualized recurring savings for these initiatives is $3,226K vice $3,423K.

Mr. CARR. The justifications say that these inspections can be performed by private industry or by independent third parties. Do you have any information to suggest that these groups would perform the inspections if the Coast Guard stopped doing so?

[The information follows:]

We have no direct information from third parties indicating their capability of willingness to perform these inspections, however the following information justified our approach:

Unmanned Freight Barges: The American Bureau of Shipping (ABS) load line examinations virtually duplicated Coast Guard inspections on unmanned freight barges not carrying bulk oil or hazardous materials. Therefore, ABS can continue to complete all loadline requirements as they have done in the past for these barges. The Coast Guard would review their findings.

Liferaft Factories: The Coast Guard already uses independent third parties for the testing and inspection of many marine safety devices. This rationale also applies to independent third parties conducting liferaft production and inspection tests.

Public Vessels: The Department of Defense (DOD) and other government agencies can initiate their own safety inspection programs or use classification societies to continue an inspection program for their vessels. As an alternative, the United States Navy has approached the Coast Guard to do their vessels on a reimbursable basis.

Recreational Boat Factories: The Coast Guard has an active inspection program in place for compliance testing of recreational boat manufacturers, and this program will continue. Third parties are not needed to inspect at the factory level as there is no legal requirement for the Coast Guard to conduct these inspections. However, each state may institute its own inspection program.

Mr. CARR. The justification states that these functions were not safety-related. If not, why were you doing them?

[The information follows:]

These inspections are safety-related. The justification should have indicated that these inspections could be done by private industry, independent third parties, or were adequately addressed by other programs and would not adversely affect safety. We have taken actions to update the original justification.

REGIONAL DOCUMENTATION OFFICE CONSOLIDATION

Mr. CARR. On page 39, you propose to streamline the vessel documentation function by consolidating 14 regional documentation offices into one location. Did the Coast Guard conduct any studies to show that service would not be unduly affected by going down to only one site?

[The information follows:]

The Coast Guard did not conduct a formal study to assess the effect on service. This consolidation is the final stage in an effort which began in 1983. However, we did conduct an extensive review of this consolidation, including the changing demographics and business practices used by the public we serve. Other factors which support consolidation are the new documentation regulations, the ability to pay user fees with credit cards, bulk postal processing, barcoding, imaging scanning and other changes in technology and regulations that have occurred over the last 10 years. Other elements which support this decision are:

Lessons learned from the 1983 consolidation of 106 field offices to 15 field offices.

Successes from the Honolulu, Hawaii consolidation with Seattle, Washington which eliminated a one year backlog.

Economic savings of office space, equipment, travel expenses, telecommunications, postal discounts, and personnel.

Management efficiencies realized by consolidating to one site.

Mr. CARR. To what extent will these operational efficiencies be offset in the beginning by permanent change of station moves, and how many personnel would have to move?

[The information follows:]

We estimate an annual reduction in operating expenses for the current 14 field offices and Headquarters of $100,000. For fiscal year 1995, we estimate the savings would be reduced to about $50,000 due to costs associated with the initial transition.

The number of staff needed at a centralized location was initially estimated at 110. The number of personnel at the 14 documentation offices and Headquarters is 132. Until we know where the central office will be located and when the first moves can be expected, we cannot accurately determine the number of people that will be willing to relocate to fill those positions or the associated relocation costs.

OVERSEAS FACILITIES

Mr. CARR. You propose to accelerate the closure of overseas Loran navigation sites, close your Far East section office, and reduce staffing significantly in your European office. While reducing 108 of the 121 positions associated with these changes, your budget reduces funds for only 44 of the 121 staff years. Why is such a long, drawdown period needed in these cases?

[The information follows:]

The reduction of only 44 military and 1 civilian staff years in the 1995 budget results from the necessity to conduct the mission for a partial year and provide an orderly transition to close or turnover operation of the units at the discretion of the Host Nations.

The 31st of December 1994 marks the end of the Department of Defense requirement for the overseas Loran-C program as it is currently provided by the Coast Guard. Accelerated termination of this mission in the Far East was successfully negotiated by U.S. Forces Japan in order to facilitate the turnover of the associated stations to the Government of Japan. Based on this opportunity to execute the turnovers early, the Coast Guard reduced the staffing requirements for the Northwest Pacific Chain and the Far East Section Office in its 1994 budget submission.

With regard to the closure/turnover activity in Europe, the Coast Guard will continue to operate the three "European" Loran-C chains to fulfill DOD requirements until 31 December 1994. The 18 billets assigned to Loran-C Station Kargaburun, Turkey were eliminated in 1994 as a result of the early closure of that station due to a tower failure. There are 108 military billets and 4 civilian positions included in the fiscal year (FY) 1995 budget reduction which represent *all* of the remaining operational and support billets associated with the overseas Loran-C mission. The billets proposed for reduction consist of 24 Loran-C support personnel in the Activities Europe Office, 66 personnel assigned to the three Coast Guard staffed Mediterranean Sea stations, and 22 billets/positions taken from various Coast Guard support facilities within the U.S. which directly support overseas Loran-C operations.

Activities Europe also has responsibilities outside of the Loran-C mission. The 13 billets not included in the reduction are those billets assigned to Activities Europe, which support continuing Coast Guard overseas missions in marine safety and the operation of the Omega navigation system.

The 66 operational billets are required through the second quarter to provide personnel to operate the Loran-C stations up to at least the beginning of the second quarter of the fiscal year, and to allow the subsequent orderly closure or turnover of the stations and relocation of those personnel by the end of the second quarter. The 46 billets/positions assigned to Activities Europe and other support facilities are required through at least the third quarter to complete the disposition of property being turned over, returned or disposed of, and to conduct contracting work for any remediation activity.

ADMINISTRATIVE AND GENERAL SUPPORT SAVINGS

Mr. CARR. Please provide a breakdown of your "administrative and general support streamlining" savings of $7,967,000 described on page 43 of the justifications.

[The information follows:]

As described in the budget justifications, several initiatives are contained in this budget line item. A breakdown of savings by initiative follows:

Streamline Headquarters and Headquarters units	−$2,208,000
Reduce general detail support	−1,888,000
Consolidate District personnel reporting units	−209,000
Centralize travel claim processing	+801,000
Re-engineer and streamline recruiting	−1,820,000
Reduce training	−1,706,000
Streamline staff of office of Marine Safety, Security, and Environmental Protection	−488,000
Consolidate medical administrative functions	−97,000
Reduce safety and environmental health staff at MLCLANT and Headquarters	−101,000
Reduce legal program support	−44,000
Combine International Training Teams	−76,000
Reduce liaison/external billets	−131,000
Total	−7,967,000

DRUG TESTING

Mr. CARR. On page 43, you anticipate savings of $818,000 by reducing random substance abuse testing of military personnel from 81 percent annually to 65 percent. What percentage of personnel have tested positive in these tests over the past two years?

[The information follows:]

The percentage of personnel that tested positive during drug abuse urinalysis screening was 0.74 percent in fiscal year 1992 and 0.75 percent in fiscal year 1993.

Mr. CARR. Is there any particular reason why 65 percent was chosen? For example, would 40 or 50 percent provide the same level of assurance?

[The information follows:]

From fiscal years 1987 through 1993, testing levels gradually declined from 100 to 65 percent, due to steady funding levels having to absorb increasing test program costs. However, positive test rate results remained fairly consistent. The Coast Guard does not recommend lowering test levels further. Members must perceive that they stand a reasonable chance of being tested for the program to be effective. The deterrent value, or level of assurance of lower test levels has not been validated. This year, we were able to reduce urinalysis program costs by shifting Coast Guard urinalysis testing from a contractor laboratory to the Navy drug screening laboratories. For fiscal year 1994, the urinalysis testing level of 65 percent was chosen to maintain testing program consistency. Lower test percentages were considered, but rejected in an attempt to balance program costs against the deterrence value. Also, the Coast Guard, as the nation's leading maritime drug law enforcement agency, must set the example as our officers, petty officers and chief petty officers are law enforcement officials.

JOINT MARITIME COMMAND INFORMATION SYSTEM (JMCIS)

Mr. CARR. On page 53, it says that the Coast Guard plans to replace the existing command, display, and control (COMDAC) system with a new system called the joint maritime command information system (JMCIS), and that OE funds will be used for this transition. Why are OE funds being used instead of AC&I?

[The information follows:]

The Navy developed Joint Maritime Command Information System (JMCIS) is essentially a replacement in kind of electronic command and control equipment, which is normally accomplished with base Operating Expense (OE) funds. Similar to the replacement of other types of electronics equipment such as radios, we will phase the replacement over several years.

Individual ship and total project thresholds are consistent with Coast Guard funding policy as set forth in a Commandant's Instruction, *The Purpose and Use of Cost Guard Appropriations.* The policy for this type of equipment states that OE funds may be used to "replace or renovate" an existing system with a system of similar capability when the cost per vessel is less than $400 thousand and the cost per vessel class is less than $10 million. The JMCIS system will cost approximately $320 thousand per system and $7.6 million for the project including two shore-based test and training systems, initial spares and training.

Mr. CARR. What is the total cost of this replacement, by fiscal year?

[The information follows:]

The total cost of replacing the Command, Display, and Control (COMDAC) system with a new system called the Joint Maritime Command Information System (JMCIS) is estimated at $7.6 million based on an approximate cost of $2.5 million per year in fiscal year 1994, fiscal year 1995, and fiscal year 1996 using the COMDAC Support Facility's (CSF) operating expenses (OE) base funds.

The remainder of CSF's OE base funds will be used to maintain the existing COMDAC systems until they are replaced. No new development and a minimum of COMDAC related training, maintenance, and repair will be done consistent with safety and operational readiness needs until the last ship gets the new JMCIS system.

This project is just getting started and is still in the planning stage. We will refine the cost once the support and training requirements, and final design of the system, are determined.

PAY RAISE

Mr. CARR. Your budget proposes a 1.6 percent pay raise on a pay base of $1,347,190,000. How was this base amount calculated?

[The information follows:]

The $1,347,190,000 identified as the fiscal year 1994 pay base on page 54 of the 1995 Congressional submission was an estimate carried forward in error from an earlier submission. The most current and proper base from which the 1.6 percent pay raise estimate was actually calculated is $1,378,771,000. This base can be calculated by summing object classes 11.9, 12.1, and 12.2 in the 1994 column on page 27 of the 1995 Congressional submission.

NONPAY COST-OF-LIVING ADJUSTMENT

Mr. CARR. The budget proposes a 1.7 percent cost-of-living adjustment for nonpay items. Please provide a listing of the object classes on which this is being applied.

[The information follows:]

The proposed 1.7 percent cost-of-living adjustment is applied to the following object classes:

Object	Standard title
21.0	Travel and transportation of persons (including operational travel and permanent change-of-stations costs)
22.0	Transportation of things (including transportation of household goods related to permanent change-of-station travel).
23.2	Rental payments to others (including obligations for use of leased space, land and structures which contain operational and support units of the Coast Guard).
23.3	Communications, utilities and miscellaneous charges (including obligation for Coast Guard communications in support of operational missions and command and control functions).
24.0	Printing and reproduction (including obligation for documents, technical manuals, and instructions necessary to maintain operational readiness posture of the service).
25.1	Consulting services (including Management, professional, and expert/technical services closely aligned to a project or program in support of the Coast Guard operational missions).
25.2	Other services (including those for repairs and alterations to buildings, vessels, equipment, etc, and general operating and maintenance costs for Coast Guard facilities).
26.0	Supplies and materials (including obligations for fuel to power vessels, aircraft, boats, and other essential equipment; ammunition and pyrotechnics) and other general consumable in support of Coast Guard missions.
31.0	Equipment (including obligations for durable goods, special and miscellaneous military related equipment, vessels, aircraft, power equipment machinery such as generations, engines, ship equipment, barges, pumps, and the like; and other tools, instruments, and implement; and ADP telecommunication and hardware).
32.0	Lands and structures (including obligations for the purchase of land, buildings and other structures, and related fixures and equipment, directly in support of Coast Guard operations).

Mr. CARR. How did you arrive at the figure of 1.7 percent?

[The information follows:]

The Coast Guard was instructed by OMB, through OST, to use this federal nondefense, non-pay purchases deflater included in OMB's 1995 budget economic assumption, dated December 3, 1993.

HEALTH CARE COSTS FOR FISCAL YEAR 1994

Mr. CARR. You are currently estimating health care costs of $123,570,000 for fiscal year 1994 (p. 56). However, in last year's hearing (p. 1066), you estimated fiscal year 1994 costs to be $127,200,000. Does this indicate a program savings of $3.6 million in fiscal year 1994, and if so, how did this come about?

[The information follows:]

No, the Coast Guard health care costs for fiscal year 1994 are currently estimated to be approximately $115,000,000, which is significantly less than the estimated cost of $127,200,000 cited in last year's hearing record. However, the correct funding base for fiscal year 1994 is $123,800,000 due to the fact that nonpay COLA was not distributed to the health care account and because of a decrease in funding requirements. Non-pay COLA was not distributed to the health care base because the Coast Guard did not receive the full amount of the non-pay COLA in our 1994 request and costs did not increase as much as expected.

The current $8.8 million in projected nonrecurring savings ($123.8 million–$115 million) is due to three recent changes in the fiscal year rates charged to the Coast Guard. Contrary to expectations, the Federal interagency reimbursement rates did not increase overall from 1993 to 1994, enabling a cost avoidance of $1.4 million (from 1988 to present, outpatient rates increased 13.5 percent a year, while inpatient rates increased 16.5 percent a year). Secondly, reduced dependent dental rates yielded an estimated cost avoidance of $1.4 million as a result of recent negotiations between Department of Defense and Delta Dental. The third rate change is due to the new Uniformed Services Family Health Plan, effective October 1, 1993, which showed significantly reduced enrollment as active duty personnel are no longer permitted to use the program. Additional costs were avoided due to the reduction in the amount charged annually for enrollment of active duty dependents (estimated cost avoidance of approximately $6 million). Because health care costs are largely demand driven, the projected savings of $8.8 million is subject to change.

The Coast Guard will soon advise you of our intent to reprogram these 1994 savings to fund unplanned/unfunded 1994 nonrecurring needs, including: operations and maintenance funds to operate the Coast Guard cutter MACKINAW in 1994;

funds for incremental AMIO costs; funds to support special organizational streamlining studies; and funds to offset projected shortfalls in the energy account.

LICENSING OPERATORS OF FISHING VESSELS

Mr. CARR. On page 56, you are requesting $784,000 to annualize positions provided in fiscal year 1994 for licensing the operators of federally documented uninspected fishing vessels. Weren't funds for this activity denied by the Congress in fiscal year 1994, and if so, why is there an annualization requirement?

[The information follows:]

Yes, the funding request for the fiscal year 1994 licensing operators of federally documented uninspected fishing vessels was denied by the Congress. The title/label of the subline item on page 56 of our fiscal year 1995 budget request is in error. The sub-line item should read:

Shore Facility Construction Follow-on	$784,000

210-FOOT CUTTERS IN MMA

Mr. CARR. On page 58, you are requesting $1,373,000 to operate and maintain the 210-foot cutters expected to complete their major maintenance availability (MMA) and renew operations in fiscal year 1994. Please provide data on which vessels would be funded and when they are expected to leave the shipyard and reenter service.

[The information follows:]

There are two cutters scheduled to complete Major Maintenance Availability (MMA) in fiscal year 1995; the CGC DAUNTLESS in February and the CGC VENTUROUS in September.

There are two line items in the fiscal year 1995 operating expenses request involving the 210-foot cutter MMA project. They are: line item 1B.1, 210-Foot Cutter MMA operations and maintenance base reduction (page 35), and line item 2D.1, restore the 1994 210-Foot Cutter MMA operations and maintenance base reduction (page 58). These two line items must be viewed together when viewing our 1995 request.

Budget action is requested for the 210-foot cutter MMA project in two components (two separate budget line items). One line item reduces the cutter operating and routine maintenance base funding for the number of quarters in the budget year 210-foot cutters will not be operating because they are in MMA. The complementary line item restores the base reduction for the previous year as cutters are returned to service. In utilizing this methodology, the appropriate reductions to cutter operating and routine maintenance base funding is taken in the budget year (BY), then restored the following year (BY+1). At the same time, the appropriate reduction for the number of quarters 210-foot cutters will be in MMA is recalculated for BY+1. In applying this methodology to our 1995 request, line item 1B.1 reduces funding for the number of quarters in 1995 210-foot cutters will not be operating because they are in MMA, and line item 2D.1 restores the base reduction taken in 1994. Further detail is provided below.

Line item 2D.1, Restore the 1994 210-Foot Cutter MMA Operations and Maintenance Base Reduction.

1994 base reduction	$1,338,000
Adjusted for inflation (2.7 percent)	×1.027
Restored base reduction	1,373,000

Line item 2B.1, 210-Foot Cutter MMA Operations and Maintenance Base Reduction for 1995.

CUTTERS IN, OR SCHEDULED TO BEGIN, MMA IN FISCAL YEAR 1995

Cutter	Enter MMA	Complete MMA	Number fiscal year 1995 quarters cutter in MMA*
Resolute	August 1994	April 1996	4
Dauntless	July 1993	February 1995	1+2/3
Venturous	January 1994	September 1995	4
Dependable	February 1995	October 1996	2+1/3[1]
Decisive	September 1995	March 1997	0[1]
Total number of fiscal year 1995 quarters cutters are not in service due to MMA.			12

[1] In calculating the number of operational quarters in a given fiscal year a cutter will be out of service due to MMA, we do not count the first month a cutter enters MMA and we do count the month a cutter completes MMA.

Operating costs per quarter

Fiscal year 1993 WMEC 210 operating costs/quarter (AFC30):	$118,373
Adjusted for fiscal year 1994 non-pay COLA:	121,266
12 quarters in fiscal year 1995 × $121,266/quarter:	1,455,192
Cutter decommissioning/commissioning costs: (minus)	[1]40,000
Fiscal year 1995 base reduction	1,415,192

[1] Following cutters are entering or completing MMA: Dauntless, commissioning; Venturous, commissioning; Dependable, decommissioning; Decisive, decommissioning.

Decommissioning/commissioning costs are estimated at $10K/cutter/event.

AIRCRAFT TECHNICAL PUBLICATIONS

Mr. CARR. On page 59, you are requesting $1,200,000 for technical publications for Coast Guard aircraft that previously were provided free of charge by the Department of Defense. Why is the DOD now charging you for these publications?

[The information follows:]

DOD is now charging "user fees" for technical publication services, which they previously provided free of charge to the Coast Guard for our HH–3F and HC–130 aircraft, to recoup expenses associated with this service. The Navy has charged for HH–60J technical publications support from the beginning of the acquisition. Initial outfit costs for manuals were included in the non-recurring acquisition funds. Operating Expenses funds will be required in fiscal year 1995 to continue the support for these essential publications. The Air Force is in the process of rewriting their HC–130H technical manuals and has indicated that it will also begin charging the Coast Guard for these services beginning in 1996.

Mr. CARR. Has the Coast Guard instituted similar procedures to ensure that the Navy pays for all services and administrative support provided to them by the Coast Guard?

[The information follows:]

The Coast Guard receives a significant dollar amount as reimbursement for goods and services from the U.S. Navy, from other Department of Defense Services, and from federal agencies outside the Department of Defense. Barring specific legislative director to the contrary, the terms of each of these agreements are developed in accordance with the Economy Act, 31 USC § 1535, and in accordance with subsequent Comptroller General opinions on reimbursable cost recovery. Further guidance has been provided to the Coast Guard by DOT ORDER 2300.1C, reimbursable Agreements. The Coast Guard attempts to fulfill both the spirit and letter of the Economy Act by relying on the principles outlined in these documents, whether we are acting as the consumer or provider of goods and services in reimbursable agreements.

INFORMATION RESOURCE MANAGEMENT

Mr. CARR. Please provide a detailed discussion and cost breakdown for the various activities which comprise your request for a

34 percent base increase ($1,150,000) for information resource management, as described on page 67 of the justifications.

[The information follows:]

The base information provided in the Coast Guard fiscal year budget request projects for which operations and maintenance funds are requested in 1995, not the entire Coast Guard IRM funding base. Automated Information Systems Disaster Recovery Service, for which there are not base funds. The base information in the budget is incorrect; the correct bases are:

[Dollars in thousands]

	Fiscal year—		
	1993	1994	1995
Auto Info Systems Disaster Recovery	0	0	$500
Commercial Satellite Communications	$500	$800	1,100
National Response Center Auto Enhancement	129	529	629
Program Reviews of Info Systems	0	242	392
Strategic Info Resource Mgmt Planning	862	1,112	1,212
Total Base	1,491	2,683	3,833

Detailed discussion follows:

1. Automated Information Systems, Disaster Recovery Service: $500K.

These funds will provide disaster recovery services, by commercial contract, for the Coast Guard's critical computer centers.

The Computer Security Act of 1987 and the Office of Management and Budget circulars implementing it emphasized the need for the continued operation of critical automated applications in the event of a disaster at a government computer facility. The availability of mission critical automated information systems is required by OMB Circular A–130 (Management of Federal Information Resources).

Risk assessment reports from the Coast Guard's major computer facilities and sensitive application certification reports of major applications show that no major Coast Guard computer facility has an adequate disaster recovery plan.

The centralized disaster recovery services contract will cover: Operations Systems Center, Martinsburg, WV; Finance Center, Chesapeake, VA; Supply Centers, Baltimore & Curtis Bay, MD; Pay and Personnel Center, Topeka, KS; Aviation Repair and Supply Center, Elizabeth City, NC; National Pollution Funds Center, Arlington, VA.

Individual contracts would cost almost as much as one consolidated contract due to the economy of sharing of back-up computers. Disaster recovery for minor computer systems is provided by having similar systems in more than one location, using local backup capability by tape-drives or by a determination that the effect of loss is acceptable.

2. Commercial Satellite Communications for Ships: $300K.

The funds will pay commercial charges for the use of International Maritime Satellite (INMARSAT) communications (approx $8.00 per minute), and maintenance/training costs for this equipment aboard Coast Guard ships. INMARSAT helps the Coast Guard meet new Global Maritime Distress Safety System (GMDSS) communications requirements, and provides necessary access to information systems ashore such as the Law Enforcement Information System (LEIS) in support of Coast Guard missions.

3. National Response Center (NRC) Automation Enhancement Project: $100K.

The funds will be used to increase contractor and hardware support for data communications required by the 15 member agencies of the national Response Team. The NRC is the single federal reporting point for transportation and pollution incidents. It experienced a 30 percent increase in notifications and 8 percent increase in reports in 1994. The equipment is funded proportionately by the Coast Guard and the other National Response Team agencies. The additional communications capacity is necessary to perform the required federal and state notifications and to improve information dissemination using new technology.

4. Program Review of Major Information (Computer) Systems: $150K.

These funds will provide technical and management reviews of existing and planned IRM systems to validate need and ensure compliance with standards to avoid or reduce project and life cycle costs. The reviews detect early warning signs of problems and ensure compliance with Federal IRM Regulations. They are required by the Paperwork Reduction Act.

5. Strategic Information Resources Management Planning for District Offices and Maintenance and Logistics Commands: $100K.

Strategic Information Resources Management Planning (SIRMP) determines business process models and associated processes, which helps identify the greatest opportunities for IRM related productivity gains and ensure the correct things are automated. IRM planning leads to future savings. Recurring funds are needed for initial SIRMPs at the two Maintenance and Logistics Commands and All Districts; and for follow-on SIRMPS (3–4 year cycle) to identify changes and new opportunities for business process re-design, and subsequent IRM system design/re-design.

The Coast Guard Omnibus Act of 1990 required establishment and implementation of a formal SIRMP process in the Coast Guard.

Mr. CARR. Since you are not requesting any additional staffing for this work, can we assume that the entire amount will be contracted?

[The information follows:]

No, there are training and maintenance costs associated with Commercial Satellite Communications for ships, but the rest is contracted.

1. Automated Information Systems, Disaster Recovery Service: $500K.

The funds will establish a centralized contract to provide disaster recovery planning and related services for the major Coast Guard computer facilities.

2. Commercial Satellite Communications for Ships: $300K.

The funds will be used to pay commercial charges for use of International Maritime Satellite (INMARSAT) communications, and for the maintenance/training costs associated with this equipment.

3. National Response Center Automation Enhancement Project: $100K.

The funds will be used to increase contractor and hardware support of the equipment needed for data communications required by the 15 member agencies of the national Response Team. The additional communications capacity is necessary to perform the required federal and state notifications, and to improve information dissemination.

4. Program Reviews of Major Information (Computer) Systems: $150K.

Provides for independent reviews of major IRM projects that require a high degree of Information Technology and Federal IRM Regulations expertise not available within the Coast Guard. A variety of contracting vehicles will be used to obtain this expertise.

5. Strategic Information Resources Management Planning for District Offices and Maintenance and Logistics Commands: $100K.

These funds provide strategic Information Resources Management Planning using contractors who facilitate SIRMP workshops and operate the computer systems that analyze the data and present the results. The Coast Guard has neither personnel with the skills nor the computer systems necessary for the SIRMP process.

HAZARDOUS MATERIALS MANAGEMENT AND TRAINING

Mr. CARR. On page 69, you are requesting an additional $2,429,000 for hazardous materials management, disposal and training. What studies or audits have you conducted which show the need for increased funding in this area?

[The information follows:]

In 1993, we conducted a Coast Guard-wide environmental training and staffing study, which is currently undergoing review for final acceptance within USCG headquarters. The study identified a need to provide full-time, dedicated hazardous waste manager billets at those facilities that handle significant quantities of hazardous materials and/or generate large quantities of hazardous wastes. These billets will manage all aspects of hazardous material handling, storage, and disposal as required by the Resource Conservation and Recovery Act (RCRA). Currently, the Coast Guard has twenty-three units that are large quantity generators. We are requesting $704,000 in 1995 personnel costs to staff only the units most in need of full-time permanent personnel.

An additional $975,000 is requested for hazardous waste disposal at our field units. This is based on their collective estimates of 1995 charges which exceed funds already in their operating base for hazardous waste disposal.

The remaining $750,000 is for initial and refresher hazardous waste management training as required by the RCRA. The request is based on our field commander's (Maintenance and Logistics Commands) analyses of the numbers of Coast Guard personnel that will require training.

Mr. CARR. Why aren't these additional activities funded under your environmental compliance and restoration (EC&R) appropriation, and what criteria does the Coast Guard use to decide when to fund hazardous materials activities under OE and when to fund them under EC&R?

[The information follows:]

Environmental compliance activities that are routine and recurring in nature are funded from the OE appropriation, not the EC&R appropriation. The use of hazardous materials, and the generation of hazardous wastes, in the course of day-to-day operations and activities is a routine, recurring process. Accordingly, both hazardous materials (HAZMAT) management and HAZMAT training (which is required pursuant to the Resource Conservation and Recovery Act) are funded from the OE appropriation. This policy is delineated in Commandant Instruction (COMDTINST) 7300.6, "Purpose and Use of Coast Guard Appropriations." The Coast Guard would fund any non-recurring hazardous materials activities necessary to bring units into environmental compliance with EC&R appropriation funds.

HANDLING OF HAZARDOUS MATERIALS TRAINING

Mr. CARR. The justifications state that these funds will be used, in part, to train personnel in the safe and proper handling of hazardous materials and wastes. Can you point to recent cases where Coast Guard employees have been injured or caused property damage through poor handling of hazardous materials?

[The information follows:]

No, we are not aware of any cases where Coast Guard employees were injured, or property was damaged, due to the lack of this training. Although this training helps to minimize the potential for injuries and/or property damage, it is being provided to our personnel because it is mandated by Federal law. The training of personnel who handle and manage hazardous wastes and hazardous materials is required by Title 49 of the Code of Federal Regulations, pursuant to the Resource Conservation and Recovery Act (RCRA) and the Occupational Safety and Health Act (OSHA). The Coast Guard is subject to fines and penalties if personnel who handle and manage hazardous materials and hazardous wastes are not trained as required by these regulations. The training required by the regulations is intended to prevent injury to personnel who handle these substances and to prevent the release of these materials into the environment.

HAZARDOUS MATERIALS STAFFING

Mr. CARR. Which facilities would receive the 17 billets funded by this increase and how have you determined that dedicated full-time staffing is needed?

[The information follows:]

We intend to assign these 15 billets to the following Coast Guard commands, listed in descending order of priority:

1. Support Center New York, New York;
2. Support Center San Pedro, California;
3. Support Center Boston, Massachusetts;
4. Support Center Alameda, California;
5. Support Center Portsmouth, Virginia;
6. Support Center Seattle, Washington;
7. Support Center New Orleans, Louisiana;
8. Support Center Elizabeth City, North Carolina;
9. Support Center New York, New York;
10. Support Center Portsmouth, Virginia;
11. Group ST Petersburg, Florida;
12. Group/Air Station San Diego, California;
13. Base Mayport, Florida;
14. Base Detroit, Michigan;
15. Base Honolulu, Hawaii.

The remaining two billets are general detail support billets.

In 1993, we conducted a Coast Guard-wide environmental training and staffing study. The study indicates a need to provide full-time, dedicated hazardous waste manager billets at those facilities that handle significant quantities of hazardous materials and/or generate large quantities of hazardous wastes. These billets will manage all aspects of hazardous material handling, storage, and disposal as regulated by the Resource Conservation and Recovery Act (RCRA).

Compliance with HAZWASTE disposal regulations has grown steadily since the enactment of RCRA in 1984. Twenty-three of our units are defined as large quantity generators by virtue of the quantity of wastes generated, and are subject to full regulatory compliance under RCRA. The routine hazardous waste disposal operations of processing invoices and manifests, record keeping, inventory control, material handling, testing, labeling, inspecting, and proper storing and packaging of waste for shipment, combined with the growth and profile of the environmental program, has caused supervision and coordination of hazardous waste operations to be a full-time job. It can no longer be effectively managed as a collateral duty at many of our largest units. The prognosis under the RCRA Reauthorization Act of 1992, and the Federal Facilities Compliance Act (FFCA) of 1992 is for yet more demanding environmental regulations, more frequent State agency inspections, and stricter enforcement.

In addition, approximately 300 Coast Guard units will be impacted by E.O. 12856 (Federal Compliance with Right-To-Know Laws and Pollution Prevention Requirements). Our 70 largest "facilities," primarily groups, air stations, bases, support centers, training centers, and the Yard can expect a significant resource drain to comply with this E.O. To meet the E.O. and other associated reporting requirements, our "large quantity generating" units must, at a minimum, begin tracking the amounts of all hazardous materials both used and stored by the unit. At a facility with multiple tenant commands, such as a support center, management of the program becomes very complex. A typical support center uses about 800 different hazardous materials on a routine basis, and processes thousands of procurements annually. When the hazardous material activity of its tenant commands (ranging between 4 and 22 units) are added, the coordination efforts and information processing requirements are significant.

Requirements of this new E.O., in addition to pre-existing requirements under RCRA that may now result in fines and penalties to federal agencies under the FFCA, will consume at least one FTE at our major facilities, and as many at two FTE or more at some facilities. Our request reflects the units most in need of full-time permanent personnel.

T–AGOS VESSELS—TRANSFER FROM NAVY

Mr. Carr. Please provide a detailed discussion of the arrangement with the U.S. Navy which results in the transfer to the Coast Guard of two STALWART-class ocean surveillance vessels.

[The information follows:]

The U.S. Navy plans to deactivate their fleet of 18 Stalwart (T–AGOS) Class vessels. They were built between 1984 and 1990 and designed to be operated by the Military Sealift Command (MSC) to tow passive sonar arrays for Anti-Submarine Warfare (ASW) operations. Due to the reduced global ASW threat, the Navy no longer requires these ships. The Navy has transferred several of these 224′ vessels, at no cost, to other government agencies and has offered vessels to the Coast Guard. In June 1993, the Coast Guard accepted one vessel (USNS VINDICATOR) for test and evaluation. Upon completion of the evaluation, VINDICATOR was retained, in an inactive status, at Coast Guard Yard. Our fiscal year 1995 Acquisition, Construction & Improvements Appropriation budget request includes $6M to convert two T–AGOS vessels for Coast Guard use. Arrangements have been made with the Navy for a tentative delivery of the second T–AGOS vessel on or after October 1, 1994.

BASE ST. LOUIS/KEOKUK TEMPORARY LEASES

Mr. Carr. On page 72, you are requesting $375,000 for temporary lease facilities for Base St. Louis and Group Upper Mississippi River in Keokuk, Iowa. With provision of similar funding in the most recent Supplemental Appropriations Act, are these funds still needed in fiscal year 1995?

[The information follows:]

The $375,000 originally requested for temporary lease facilities at Base St. Louis and Group Upper Mississippi River in Keokuk, Iowa, will not be needed in fiscal year 1995. Sufficient funds for these temporary lease facilities have already been received as part of the most recent Supplemental Appropriations Act.

MAINTENANCE—ICEBREAKER TUGBOAT

Mr. CARR. On page 73, it is stated that maintenance requirements have increased for two of the 140-foot ice-breaking tugboats (WTGBs) that worked with ATON barges in 1991 and 1992. Please provide some statistics which support the claim that maintenance costs are increasing.

[The information follows:]

The increased maintenance requirement created by adding the barges is only a part of the overall maintenance increase on the 140′ WTGBs. Based on the maintenance requirements identified in the Preventive Maintenance Manual, we have identified an annual maintenance shortfall of approximately 1100 work hours for each of the two barges attached to 140′ WTGBs. In addition, there is a maintenance shortfall of approximately 2600 work hours annually on each of the five Great Lakes WTGBs. This is manifested in the increased contract maintenance costs of these vessels over the past several years. To illustrate, the average contract maintenance costs over the past four years was 50% greater than the average contract maintenance costs for the preceding five years. Increased maintenance can reasonably be expected as vessels enter middle age, as is the case with the five WTGBs currently located in the Great Lakes, with an average age in excess of 15 years old. The demands placed on these vessels during the current severe winter ice season will further add to the overall maintenance shortfall.

BOATING SAFETY STATISTICS

Mr. CARR. Please update the boating safety statistics showing accidents and fatalities by State, as shown on pages 1104 and 1105 of last year's hearing record.

[The information follows:]

BOATING ACCIDENTS/FATALITIES

Boating accident statistics are compiled on a calendar year basis. The table below shows the number of boating accidents and fatalities per State, the District of Columbia, and territories for 1993, rank-ordered by the number of accidents reported to the Coast Guard.

Rank and State	Accidents	Fatalities
1 Florida	995	63
2 California	718	67
3 Michigan	346	41
4 Arizona	259	11
5 New Jersey	253	5
6 Maryland	244	15
7 New York	219	26
8 Missouri	216	23
9 North Carolina	160	29
10 Washington	155	22
11 Alabama	136	23
11 Ohio	136	21
12 Texas	133	39
12 Wisconsin	133	19
13 Nevada	132	3
14 Illinois	130	32
15 Louisiana	122	36
16 Minnesota	121	18
16 Virginia	121	15
17 Indiana	119	12
18 Oklahoma	107	15
19 Utah	100	7

Rank and State		Accidents	Fatalities
20	South Carolina	98	30
21	Georgia	92	13
21	Pennsylvania	92	9
22	Tennessee	80	14
23	Oregon	76	24
24	New Mexico	64	7
25	Massachusetts	62	15
26	Colorado	60	12
27	Mississippi	58	21
28	Kentucky	56	9
29	Arkansas	55	19
30	Connecticut	54	3
31	Idaho	50	9
32	New Hampshire	49	6
33	Maine	45	9
33	Iowa	45	5
34	Kansas	39	4
35	Rhode Island	36	2
36	Nebraska	34	4
37	Montana	25	8
38	West Virginia	19	6
38	Hawaii	19	3
39	Alaska	18	9
40	South Dakota	12	4
41	Delaware	11	0
42	Wyoming	7	3
42	North Dakota	7	1
43	Guam	6	0
44	Vermont	5	5
45	American Samoa	3	3
46	District of Columbia	2	0
47	Virgin Islands	1	1
48	Northern Marianas	0	0
48	Puerto Rico	0	0
	Total:	6,335	800

BOATING ACCIDENTS PER LICENSED BOAT

Mr. CARR. Please update the ranking of states by accidents per licensed boat, as shown on pages 1107 and 1108 of last year's hearing record.

[The information follows:]

The following table shows the rank-ordering of States, territories, and the District of Columbia by number of 1993 reported accidents per numbered boat and the amount of funding each State or territory spent on its recreational boating safety program for 1993.

Chapter 123 of Title 46, United States Code requires each undocumented vessel equipped with propulsion machinery to be numbered, not licensed, in the State or territory in which it is principally operated. The fiscal year 1993 expenditures represent the total of both Federal and State or territory expenditures.

STATE	NUMBERED BOATS	REPORTED ACCIDENTS	ACCIDENTS PER BOAT	FISCAL YEAR EXPENDITURES
1 Am. Samoa	156	3	0.0192307	$ 186,613
2 Guam	1,737	6	0.0034542	$ 0
3 Nevada	45,990	132	0.0028701	$ 1,620,074
4 Arizona	155,815	259	0.0016622	$ 2,489,923
5 Utah	61,970	100	0.0016136	$ 1,630,043
6 New Jersey	159,084	253	0.0015903	$ 8,427,206
7 New Mexico	43,540	64	0.0014699	$ 1,037,501
8 Hawaii	13,288	19	0.0014298	$ 3,390,477
9 Florida	719,071	995	0.0013837	$31,415,051
10 Maryland	181,850	244	0.0013417	$11,071,878
11 Rhode Island	29,629	36	0.0012150	$ 1,011,395
12 California	820,219	718	0.0008753	$14,284,596
13 Missouri	287,158	216	0.0007521	$ 3,680,309
14 Colorado	86,147	60	0.0006964	$ 855,644
15 Idaho	72,660	50	0.0006881	$ 1,835,044
16 Washington	234,725	155	0.0006603	$ 1,303,725
17 Indiana	180,564	119	0.0006590	$ 1,239,606
18 New Hampshire	80,520	49	0.0006085	$ 1,356,540
19 Montana	42,082	25	0.0005940	$ 476,534
20 Virginia	210,323	121	0.0005753	$ 1,501,947
21 Alaska	31,340	18	0.0005743	
22 Connecticut	96,516	54	0.0005594	$ 2,258,203
23 Alabama	246,359	136	0.0005520	$ 3,201,084
24 Nebraska	62,359	34	0.0005452	$ 253,252
25 N. Carolina	294,761	160	0.0005428	$ 2,819,471
26 Oklahoma	205,788	107	0.0005199	$ 2,016,476
27 Massachusetts	120,944	62	0.0005126	$ 2,723,579
28 New York	442,745	219	0.0004946	$ 3,723,698
29 Oregon	184,007	76	0.0004130	$ 4,549,508
30 Louisiana	300,248	122	0.0004063	$ 1,828,559
31 West Virginia	47,399	19	0.0004008	$ 524,538
32 Kansas	97,308	39	0.0004007	$ 554,238
33 Maine	113,590	45	0.0003961	$ 671,151
34 Michigan	876,943	346	0.0003945	$ 5,117,783
35 Kentucky	142,833	56	0.0003920	$ 2,918,996
36 Illinois	352,826	130	0.0003684	$ 1,342,747
37 Ohio	384,048	136	0.0003541	$ 7,354,226
38 Dist. of Col.	5,788	2	0.0003455	$ 1,360,135
39 Arkansas	160,430	55	0.0003428	$ 490,603
40 Georgia	287,419	92	0.0003200	$ 3,426,478
41 South Dakota	38,762	12	0.0003095	$ 456,708
42 Tennessee	264,194	80	0.0003028	$ 3,235,674
43 Pennsylvania	311,542	92	0.0002953	$ 5,011,667
44 Wyoming	24,628	7	0.0002842	$ 327,068
45 Mississippi	204,894	58	0.0002830	$ 1,906,521
46 S. Carolina	362,277	98	0.0002705	$ 3,156,811
47 Virgin Islands	3,822	1	0.0002616	$ 437,117
48 Delaware	42,144	11	0.0002610	$ 836,556
49 Wisconsin	515,342	133	0.0002580	$ 3,897,707
50 Texas	591,879	133	0.0002247	$ 8,964,396
51 Iowa	201,446	45	0.0002233	$ 1,083,740
52 N. Dakota	34,446	7	0.0002032	$ 413,820
53 Minnesota	728,116	121	0.0001661	$ 4,615,746
54 Vermont	39,907	5	0.0001252	$ 629,846
55 N. Marianas	377	0	0	DIDN'T APPLY
56 Puerto Rico	29,883	0	0	$ 1,365,367
TOTAL:	11,273,838	6,335		$172,287,575

AUXILIARY MEMBERS BY STATE

Mr. CARR. Please update the ranking of states by Coast Guard Auxiliary membership, as shown on pages 1109 and 1110 of last year's hearing record.

[The information follows:]

Coast Guard Auxiliary membership as of March 1994, rank-ordered by state, is as follows:

Rank/state:	*Members*
1. Florida	4,454
2. California	3,402
3. New York	2,735
4. Pennsylvania	2,126
5. Massachusetts	2,027
6. New Jersey	1,738
7. Michigan	1,351
8. Virginia	1,336
9. Maryland	1,248
10. Illinois	1,211
11. North Carolina	1,175
12. Ohio	1,146
13. Texas	946
14. Washington	909
15. Connecticut	651
16. Oregon	609
17. Missouri	557
18. Wisconsin	467
19. Hawaii	454
20. Tennessee	376
21. Alaska	367
22. Alabama	360
23. Minnesota	341
24. Indiana	338
25. Rhode Island	322
26. South Carolina	291
27. Delaware	283
28. Georgia	263
29. Arizona	257
30. Maine	257
31. Louisiana	247
32. Puerto Rico	243
33. Idaho	230
34. Iowa	195
35. Arkansas	177
36. Utah	166
37. New Hampshire	145
38. Colorado	143
39. Kentucky	136
40. Nebraska	128
41. Mississippi	127
42. Kansas	125
43. Oklahoma	122
44. Guam	115
45. Nevada	113
46. New Mexico	103
47. Montana	79
48. West Virginia	77
49. Virgin Islands	60
50. District of Col.	40
51. Vermont	32
52. N. Marianas	25
53. North Dakota	23
54. South Dakota	18
55. Wyoming	13
Total	34,879

BOATING SAFETY-STATE MATCH

Mr. CARR. Please update the data on boating safety program state match found on pages 1110 through 1113 of last year's hearing record.

[The information follows:]

Federal Boat Safety funds allocated to the states are used for the costs of personnel, equipment and administration in support of state law enforcement, education, search and rescue, accident investigation, boat numbering and titling activities, and for acquiring, constructing and repairing public access sites. Funds are also used for state facilities to house law enforcement and search and rescue vessels and equipment, provide classrooms and education equipment, establish navigation aids, and other program needs. The following table provides federal allocations and state expenditures for recreational boating safety during fiscal year 1993. The allocation is the amount of federal funds available to each state as calculated in accordance with 46 U.S.C. 13103(a). Except territories, payments to states cannot exceed 50 percent of the total state expenditures for the RBS program during a fiscal year. The table does not reflect funds that have been obligated by the states but not yet expended for major equipment acquisitions or public access projects that require long lead times. States that did not utilize their full federal allocations in fiscal year 1993 have two additional years to expend or obligate the remaining funds. The law provides that any federal funds not expended or obligated by states within three years of the date of allocation are to be withdrawn and redistributed with the next year's allocations.

RECREATIONAL BOATING SAFETY PROGRAM
FY93 FEDERAL ALLOCATIONS AND FEDERAL/STATE SHARE OF EXPENDITURES

STATE	FEDERAL ALLOCATION	RBS PROGRAM EXPENDITURES FEDERAL SHARE	%	STATE SHARE	%	TOTAL FY93 RBS EXPENDITURES
Alabama	$723,431	$723,431	22.6%	$2,477,653	77.4%	$3,201,084
Arizona	$564,268	$564,268	22.7%	$1,925,655	77.3%	$2,489,923
Arkansas	$421,446	$238,475	48.6%	$252,128	51.4%	$490,603
California	$1,993,392	$1,820,160	12.7%	$12,464,436	87.3%	$14,284,596
Colorado	$345,279	$0	0.0%	$855,644	100.0%	$855,644
Connecticut	$516,468	$516,468	22.9%	$1,741,735	77.1%	$2,258,203
Delaware	$335,648	$335,648	40.1%	$500,908	59.9%	$836,556
Dist. of Col.	$323,078	$323,078	23.8%	$1,037,057	76.2%	$1,360,135
Florida	$3,003,657	$3,003,657	9.6%	$28,411,394	90.4%	$31,415,051
Georgia	$784,136	$784,136	22.9%	$2,642,342	77.1%	$3,426,478
** Hawaii	$430,157	$620,744	18.3%	$2,769,733	81.7%	$3,390,477
Idaho	$363,309	$363,309	19.8%	$1,471,735	80.2%	$1,835,044
Illinois	$637,064	$637,064	47.4%	$705,683	52.6%	$1,342,747
Indiana	$510,137	$510,137	41.2%	$729,469	58.8%	$1,239,606
** Iowa	$465,703	$541,870	43.7%	$541,870	50.0%	$1,083,740
Kansas	$344,539	$277,114	50.0%	$277,124	50.0%	$554,238
Kentucky	$538,044	$538,044	18.4%	$2,380,952	81.6%	$2,918,996
Louisiana	$583,404	$583,404	31.9%	$1,245,155	68.1%	$1,828,559
Maine	$372,037	$335,575	50.0%	$335,576	50.0%	$671,151
Maryland	$1,322,497	$1,322,497	11.9%	$9,749,381	88.1%	$11,071,878
Massachusetts	$587,278	$587,278	21.6%	$2,136,301	78.4%	$2,723,579
Michigan	$1,399,443	$1,361,668	26.6%	$3,756,115	73.4%	$5,117,783
Minnesota	$1,191,072	$1,100,364	23.8%	$3,515,382	76.2%	$4,615,746
Mississippi	$982,902	$828,315	43.4%	$1,078,206	56.6%	$1,906,521
** Missouri	$814,692	$1,039,749	28.3%	$2,640,560	71.7%	$3,680,309
Montana	$288,376	$236,072	49.5%	$240,462	50.5%	$476,534
Nebraska	$296,593	$126,626	50.0%	$126,626	50.0%	$253,252
Nevada	$426,840	$426,840	26.3%	$1,193,234	73.7%	$1,620,074
** New Hampshire	$383,883	$490,618	36.2%	$865,922	63.8%	$1,356,540
New Jersey	$1,181,529	$370,688	4.4%	$8,056,518	95.6%	$8,427,206
New Mexico	$335,440	$335,440	32.3%	$702,061	67.7%	$1,037,501
New York	$1,278,825	$1,231,661	33.1%	$2,492,037	66.9%	$3,723,698

STATE	FED ALLOCATIONS	RBS PROGRAM EXPENDITURES FEDERAL SHARE	%	STATE SHARE	%	TOTAL FY93 RBS EXPENDITURES
North Carolina	$650,669	$650,669	23.1%	$2,168,802	76.9%	$2,819,471
North Dakota	$279,903	$206,910	50.0%	$206,910	50.0%	$413,820
Ohio	$1,262,951	$1,262,951	17.2%	$6,091,275	82.8%	$7,354,226
Oklahoma	$566,872	$475,768	23.6%	$1,540,708	76.4%	$2,016,476
Oregon	$777,728	$777,728	17.1%	$3,771,780	82.9%	$4,549,508
Pennsylvania	$879,605	$879,605	17.6%	$4,132,062	82.4%	$5,011,667
Rhode Island	$310,359	$310,359	30.7%	$701,036	69.3%	$1,011,395
* South Carolina	$785,107	$763,280	24.2%	$2,393,531	75.8%	$3,156,811
South Dakota	$267,575	$228,354	50.0%	$228,354	50.0%	$456,708
Tennessee	$699,589	$616,056	19.0%	$2,619,618	81.0%	$3,235,674
Texas	$1,487,094	$1,487,094	16.6%	$7,477,302	83.4%	$8,964,396
Utah	$406,356	$406,356	24.9%	$1,223,687	75.1%	$1,630,043
** Vermont	$300,190	$312,402	49.6%	$317,444	50.4%	$629,846
Virginia	$517,943	$517,943	34.5%	$984,004	65.5%	$1,501,947
Washington	$574,878	$433,841	33.3%	$869,884	66.7%	$1,303,725
West Virginia	$290,109	$262,269	50.0%	$262,269	50.0%	$524,538
** Wisconsin	$1,014,195	$1,526,859	39.2%	$2,370,848	60.8%	$3,897,707
Wyoming	$254,937	$163,534	50.0%	$163,534	50.0%	$327,068
American Samoa	$220,270	$186,613	100.0%	$0	0.0%	$186,613
* Guam	$222,473	$0		$0		$0
N. Marianas	$221,221			(Did not apply)		
Puerto Rico	$360,717	$360,717	26.4%	$1,004,650	73.6%	$1,365,367
** Virgin Islands	$238,189	$252,941	57.9%	$184,176	42.1%	$437,117
TOTALS	$36,333,497	$34,256,647	19.9%	$138,030,928	80.1%	$172,287,575

* FY93 Expenditure Information Incomplete

** Federal Share Includes Carryover of Prior-year Funds

BOAT SAFETY FEDERAL/STATE EXPENDITURES

Mr. CARR. Please update the data on federal and state spending on boat safety programs shown on page 1115 of last year's hearing record.

[The information follows:]

BOAT SAFETY ACCOUNT
STATE RECREATIONAL BOATING SAFETY PROGRAM
FEDERAL ALLOCATIONS/STATE EXPENDITURES

FY84	Federal	$ 11,875,000	FY89	Federal	$ 27,900,000
	State	$ 70,457,168		State	$ 121,846,101
	Total	$ 82,332,168		Total	$ 149,746,101
FY85	Federal	$ 13,100,000	FY90	Federal	$ 27,416,300
	State	$ 76,343,060		State	$ 131,295,756
	Total	$ 89,443,060		Total	$ 158,712,056
FY86	Federal	$ 27,625,323	FY91	Federal	$ 32,252,037
	State	$ 82,761,673		State	$ 135,260,460
	Total	$ 110,386,996		Total	$ 167,512,497
FY87	Federal	$ 28,500,000	FY92	Federal	$ 33,118,889
	State	$ 87,400,315		State	$ 138,067,294
	Total	$ 115,900,315		Total	$ 171,186,183
FY88	Federal	$ 19,947,500	FY93	Federal	$ 36,333,497
	State	$ 115,361,836		State	$ 138,030,928
	Total	$ 135,309,336		Total	$ 172,287,575

HAZMAT PROBLEM SITES

Mr. CARR. What are the Coast Guard's three most serious HAZMAT problem sites and why?

[The information follows:]

The three Coast Guard units with the most serious HAZMAT problem sites are: Support Center Kodiak, Alaska; Air Station Traverse City, Michigan; and Air Station Elizabeth City, North Carolina.

None of these sites poses imminent threat to human health and safety or to the environment. They are the Coast Guard's most "serious" problem sites because of the number of years required to achieve full remediation. Following is a brief description of the environmental problems at each of the sites:

1. Support Center Kodiak, Alaska: Thirty-five separate sites at Support Center Kodiak have been identified for cleanup. Six sites involve Hazardous Waste Management Unit (HWMU) cleanups, and 22 other require Solid Waste Management Unit (SWMU) cleanups. The remaining seven sites have various other cleanup requirements. The contaminants at these sites include paints, solvents, fuel, heavy metals, and PCBs.

2. Air Station Traverse City, Michigan: Two separate fuel leaks occurred at Air Station Traverse City. The first in 1969 involved a release of aviation gasoline from the fuel farm's above ground piping system. It contaminated local drinking water wells. The Coast Guard paid to have a new municipal water main installed to replace the wells.

The second release, in 1994, involved a JP–4 fuel leak from an underground storage system. Emergency action were taken to contain the leak, and install fuel recovery wells. Contamination was confined to Coast Guard property. No drinking water wells were affected.

3. Air Station Elizabeth City, North Carolina: Soil and groundwater contamination have been identified at an abandoned fuel farm, a former electroplating shop, a fire fighting training area, a surface runoff impoundment lagoon, a paint stripping area, the points of fuel and waste line breaks, a dump site, and as many as 36 Solid Waste Management Unit (SWMU) locations. The contamination resulted from past waste disposal practices and accidental releases of petroleum products and wastes.

ENVIRONMENTAL COMPLIANCE & RESTORATION (EC&R)

Mr. CARR. What was the Coast Guard's original request for fiscal year 1995 funding made to the Office of the Secretary for the EC&R appropriation and how does that compare to the President's budget figure of $25,000,000?

[The information follows:]

There is no difference between the request and the President's budget figure of $25,000,000.

UNOBLIGATED BALANCE—EC&R

Mr. CARR. Your justifications show an unobligated balance in this appropriation of $3,062,000 at the end of fiscal year 1993 and $3,283,000 at the end of fiscal year 1994. What accounts for the unobligated balance, and why aren't initiatives under way to eliminate the balance?

[The information follows:]

Approximately half of the year-end unobligated balances in the EC&R appropriation in each of fiscal years 1992 and 1993 are attributable to large contract awards that were delayed. Reasons for delay include late contract proposal changes, contractor protests, and extended negotiations processes. The remaining unobligated balances consisted of much smaller amounts spread over 25 Coast Guard accounts. Initiatives are underway to ensure that large Coast Guard procurements are more thoroughly planned so that year-end delays are avoided. Additionally, the EC&R program is conducting an extensive financial review of the appropriation including on-site examination of financial records, routine monitoring of execution rates, and training of EC&R funds managers.

EC&R—BUDGET REQUEST

Mr. CARR. Your request includes a 13 percent increase in travel and a 12 percent increase in supplies and materials. Given budget constraints, why are such increases needed?

[The information follows:]

These increases are needed because we will be fully staffed in fiscal year 1995. During much of fiscal year 1993 and the early part of fiscal year 1994, a Coast Guard-wide hiring freeze resulted in nonuse of 7 of our 56 full-time equivalent civilian staff years. The freeze has been lifted, and by fiscal year 1995 we expect to see an increased need for travel, supplies and materials proportionate to the staffing increase.

Also, by fiscal year 1995, our Environmental Compliance Evaluation (ECE) audit program of Coast Guard shore facilities will be fully implemented. Our goal is to conduct ECE's at our shore facilities once every three years (one-third of our facilities will be audited in a given year). We intend to conduct many of these audits with in-house resources to augment those conducted by contractors. We expect the demand for travel and supplies/materials to increase accordingly.

TRAVEL

Mr. CARR. Your fiscal year 1994 justifications estimated $189,000 for travel in fiscal year 1994. Your current justifications show a comparable figure of $614,000. What has happened to create such a change since last year's submission?

[The information follows:]

In fiscal year 1994, more of our environmental compliance activities will be accomplished with in-house personnel, instead of by contractors, than was estimated a year ago. This change will fund the increased travel that our in-house personnel must perform to accomplish these activities. Examples of such activities are environmental compliance evaluations of shore installations and cleanup of sites that contain discarded aids to navigation batteries.

EC&R STAFFING

Mr. CARR. The most recent year for which actual data are available is fiscal year 1993. Last year, you estimated 56 full-time equivalent civilian staff years of effort in fiscal year 1993. In the 1995 justifications, you show an actual fiscal year 1993 civilian FTE staffing of only 47. What caused the drop of nine staff years?

[The information follows:]

A Coast Guard-wide hiring freeze was in effect for much of fiscal year 1993. The seven additional EC&R civilian FTE (thirteen additional EC&R civilian FTP) provided by Congress in fiscal year 1993 were not used because of the hiring freeze. The hiring freeze has been lifted, and all vacant EC&R positions have been, or are being, filled.

Mr. CARR. Does this drop in the staffing estimate call into question your estimates of 62 civilian FTE in fiscal year 1994 and 61 in fiscal year 1995?

[The information follows:]

No, it does not. The "drop" in staffing was caused by a hiring freeze during much of fiscal year 1993. The freeze has been lifted. We are not filling all vacant EC&R civilian positions, and expect to use all 61 FTE in 1995.

CLEANUP AND RESTORATION PROJECTS

Mr. CARR. Your request includes $10,564,000 for cleanup and restoration projects and activities. Please provide data showing total estimated funding costs for each project by fiscal year.

[The information follows:]

Project costs are as follows:

Project	Fiscal year— 1995 cost	1996 cost	1997+costs[1]
Air Station Cape Cod; Facility Restoration Pgm	$1,000,000	$1,000,000	$5,500,000
Support Center Kodiak; Underground Storage Tank Replacement	524,000	500,000	2,150,000
Support Center Kodiak; Nymans Peninsula RCRA Cleanup	1,000,000	2,500,000	8,500,000
Support Center Kodiak; MOGAS Site Closure	1,500,000	50,000	200,000
Support Center Elizabeth City; Remediate Fuel Farm	790,000	1,200,000	3,950,000
Support Center Elizabeth City; Investigation of Solid Waste Mgmt Unit	650,000	1,750,000	3,300,000
Air Station Brooklyn, NY; JP–4 Fuel Farm Remediation	600,000	450,000	500,000
Aids to Navigation (ATON) Battery Cleanup, Agency-wide	1,500,000	([2])	([2])
Various Sites Under $500K each	3,000,000	([3])	([3])
Total	10,564,000		

[1] General Note.—Project cost estimates beyond fiscal year 1997 are not yet clearly established. The EC&R Program is based on a "worst first" approach that assigns the highest and most immediate priority to those facilities posing the greatest potential hazard to the environment and human health and welfare. Our outyear budget requests may deviate from these estimates based on updated risk-based cleanup and restoration project priorities.

[2] The Coast Guard is still developing its estimate of the numbers of ATON sites where batteries may be located and the numbers and types of batteries that may be present at these sites. This new information will affect the total estimated cost to clean up all ATON sites where batteries are present. The Coast Guard is also working to determine the safest and most cost-effective means of disposing of the batteries once they are removed from the ATON sites. This is the most expensive aspect of the project. $1.5 million was included in the fiscal year 1995 budget for ATON battery site work

[3] The fiscal year 1996 project list for "Various Sites Under $500K each" is under development. Historically, we have had a backlog of $15 million to $20 million of projects in this category for each out-year.

SUPPORT CENTER KODIAK CLEANUP

Mr. CARR. What is the estimated schedule for completion of the RCRA facility investigation/corrective measures studies for the Nymans Peninsula cleanup and the MOGAS site closure project, both at Support Center Kodiak, Alaska?

[The information follows:]

The Resource Conservation and Recovery Act (RCRA) facility investigation/corrective measures study for Nymans Peninsula is nearing completion and will be submitted to the Environmental Protection Agency in June, 1994. For the temporary holding tank for waste solvents and fuels site at Kodiak (MOGAS), a closure plan is being prepared instead of an RCRA facility inspection/corrective measures study as originally planned. The closure plan will be submitted to the EPA in April 1994.

ATON BATTERY CLEANUP (EC&R)

Mr. CARR. Last year, a Tampa, Florida, TV station ran a news piece which alleged the Coast Guard may have dumped batteries at up to 15,000 aids-to-navigation sites nationwide. Instead of replacing the batteries and taking the used ones back for disposal, many Coast Guardsmen apparently dumped them into the water at the ATON site. Does the Coast Guard admit that this has been a problem, and if so, what is the plan for remediating these sites?

[The information follows:]

The Coast Guard has been actively concerned with proper aids to navigation (ATON) battery disposal practices for many years. Prior to 1973, batteries used at lighted aids to navigation were sometimes discarded at the aid site when replacement batteries were required—although there has never been a policy to do so. In 1973, the Coast Guard issued field instructions that set procedures for proper battery disposal.

A small number of batteries continue to get into the water when lighted ATON are struck by vessels, destroyed by bad weather, or vandalized. We have been studying ways to ease recovery of these batteries or to make them more difficult to be knocked off of their structures. We are also developing a tracking system to provide accountability for all new batteries. Based on recent remediation operations in Florida, we are confident that most of the batteries located at ATON sites are very old.

The few newer secondary (solar) batteries we have found have been traced to knockdowns; most solar batteries were installed post-1984.

We have been working with the Volpe National Transportation System Center to determine the extent of the problem and develop a remediation program for those ATON sites which contain discarded batteries. The study includes cleanup of selected sites in Chesapeake Bay and Tampa Bay to determine the best method for recovery of the batteries.

The Coast Guard is working cooperatively with the U.S. Environmental Protection Agency Office of Federal Facilities Enforcement and affected state environmental agencies to develop a national remediation plan. Technical assistance is being provided by the U.S. Navy Supervisor of Salvage, the National Oceanographic and Atmospheric Administration and the U.S. Environmental Protection Agency's National Estuarine Program. Recovery operations currently underway in Florida will provide information necessary to develop the national plan. The Coast Guard anticipates completion of an initial draft of the plan in the summer of 1994. Because of the national scope of the plan, and the significant budgetary implications, the plan will be a multi-year effort.

Because early primary batteries contained a small amount of mercury, a portion of the Volpe work included a study by the Massachusetts Institute of Technology on the possible effects the mercury might have on the environment. The study concluded "it is expected that none of (the mercury) should be oxidized or methylated or become accumulated by the planktonic biota" and that we could "expect to see no measurable biological effects due to the ATONs [batteries], either in the local sediments or in the water column." The alkaline (electrolyte) solution in the batteries is immediately neutralized in water and causes no harm.

While this finding does nothing to relieve the Coast Guard of its responsibility or commitment to remedy the problem in accordance with federal and state requirements, scientific evidence indicates that discarded ATON batteries are limited to a waste problem, and do not represent a health or environmental hazard.

Mr. CARR. Is the Coast Guard being threatened with enforcement action by any states?

[The information follows:]

The Coast Guard has been threatened with enforcement action by the States of Tennessee and Florida. In both cases, the Coast Guard is developing response and remediation plans for sites at which aids to navigation batteries need to be recovered. The Coast Guard has met with environmental officials from the States of Tennessee and Florida. They are aware of, and involved in, the development of the Coast Guard's response and remediation plans.

Mr. CARR. What is the total estimated cost for this cleanup, and how much is included in the fiscal year 1995 budget for that work?

[The information follows:]

The Coast Guard is still developing an estimate of the number of Aids to Navigation (ATON) sites which may contain waste batteries and the numbers and types of batteries that may be present at these sites. This information will determine the total estimated costs to clean up all ATON sites where batteries are present. The Coast Guard is also working to determine the safest and most cost-effective means of disposing of the batteries once they are removed from the ATON sites. This is the most expensive aspect of the project. $1.5 million was included in the fiscal year 1995 budget for ATON battery removal at sites now known to contain waste batteries.

USE OF EC&R VERSUS OPERATION EXPENSES

Mr. CARR. How does the Coast Guard determine when to fund environmental compliance and HAZMAT training under the EC&R appropriation and when to fund it under operating expenses?

[The information follows:]

The compliance activities to be funded under this activity and their estimated costs are:

Activity:	*Amount*
Pollution prevention and waste minimization	$115,000
Program-related training and course development	195,000
Environmental compliance evaluations	615,000

Program administration	505,000
Programmatic compliance activities	266,000
Total	1,696,000

COMPLIANCE ACTIVITIES, AGENCY-WIDE (EC&R)

Mr. CARR. Please list the activities to be funded under "compliance activities, agency-wide," similar in format to that shown on page 1118 of last year's hearing record.

[The information follows:]

Routine, recurring costs such as daily management and disposal of hazardous materials/wastes are funded from the Operating Expenses appropriation. Nonrecurring environmental compliance activities necessary to bring Coast Guard units into compliance with applicable environmental laws and regulations are funded from the EC&R appropriation.

EC&R STAFFING

Mr. CARR. Your budget requests 72 staff years to oversee environmental cleanup activities budgeted at $19 million. Why is such a high level of staffing needed to run a $19 million annual program?

[The information follows:]

The Environmental Compliance and Restoration (EC&R) staff executes an increasingly complex and dynamic environmental program involving much more than just cleanup activities.

In addition to managing cleanup requirements at all contaminated Coast Guard shore facilities, the EC&R staff administers a comprehensive environmental compliance program to ensure that all of our facilities come into compliance with all applicable Federal, State, and local environmental statutes and regulations.

EC&R personnel also ensure that all Coast Guard vessels come into compliance with Federal, State and International environmental requirements (e.g., the Clean Air Act Amendments (CAAA) of 1990 and MARPOL Annex V (International Convention for the Prevention of Pollution from Ships)).

SITES UNDER $500,000 (EC&R)

Mr. CARR. Please list the various sites under $500,000 to be addressed, and their corresponding costs, with the $3,000,000 shown on page 162 of the justifications, similar in format to that shown on page 1117 of last year's hearing record.

[The information follows:]

The list of Coast Guard sites with corresponding fiscal year 1995 and outyear estimated costs is:

Unit name	Estimated fiscal year 1995 costs	Estimated outyear costs
Air Station Traverse City, MI	$350,000	$3,700,000
Thunder Bay Island, MI	100,000	50,000
Support Center Kodiak, AK	400,000	2,000,000
Training Center Petaluma, CA	15,000	10,000
Base Ketchikan, KA	240,000	610,000
CAMSPAC, San Francisco, CA	75,000	215,000
USCG Academy, New London, CT	5,000	35,000
Omega Station, HI	100,000	150,000
Base Honolulu, HI	400,000	2,720,000
Station Wilmette Harbor, IL	60,000	60,000
Station St. Clair Flats, MI	100,000	50,000
Station Marquette, MI	20,000	20,000
Station Barnegat, NJ	100,000	120,000
Station Niagara, NY	100,000	50,000

Unit name	Estimated fiscal year 1995 costs	Estimated outyear costs
Station Oak Island, NC	70,000	50,000
Station Coinjock, NC	50,000	50,000
Training Center Cape May, NJ	400,000	50,000
Station Little Creek, VA	10,000	110,000
Support Center Portsmouth, VA	20,000	20,000
Station Neah Bay, WA	160,000	75,000
Base Milwaukee, WI	20,000	120,000
Air Station San Diego, CA	95,000	60,000
Station Hatteras Inlet, NC	10,000	10,000
Station Manistee, MI	100,000	75,000
Total	3,000,000	10,410,000

ALTERATION & BRIDGES-STATUS

Mr. CARR. Please summarize the status of all bridges currently in the alteration of bridges program.

[The information follows:]

The status of bridges currently under alteration is as follows:

1. Hannibal Railroad Bridge. Alteration of this bridge was completed in December of 1993. Removal of a protection cell and a submerge concrete slab of the old bridge is expected prior to summer of 1994.
2. Pascagoula Railroad Bridge. Engineering design has been completed. Construction work has begun and completion of project is expected by end of calendar year 1994.
3. Burlington, Iowa Railroad Bridge. The Architect-Engineering contract has been awarded, and project is presently under engineering design.
4. Fort Madison Railroad Bridge. Architect-Engineer selection is presently underway. Engineering design is expected to commence by summer of 1994.
5. Sidney Lanier Highway Bridge. Architect-Engineer selection completed. Engineering design contract has been awarded. The project is under design.
6. Florida Avenue Railroad/Highway Bridge. Architect-Engineering contract has been awarded, and project is presently under engineering design.
7. Chelsea Street Highway Bridge. Architect-Engineering selection is presently under way. Engineering design is expected to begin by summer of 1994.
8. Limehouse Highway Bridge. In consultation stage with the State of South Carolina (owner of the bridge), concerning the type of alteration needed, time frame for the alteration and availability of the States's share of the funding for the design and alteration work.
9. Bordeaux Railroad Bridge. In consultation stage with Cheatham County (owner of the bridge), concerning the availability of the bridge owner's share of the funding for the engineering and alteration work.

RETIRED PAY

Mr. CARR. On page 174, you are showing a 6 percent increase in addition to the Coast Guard's end-of-year retired rolls (new additions rise from 1,178 to 1,250). If attrition is going down and length of service is going up, how is it that estimated new additions are also estimated to go up?

[The information follows:]

Retirement is only one type of attrition. Interestingly, given the nature of a military workforce, higher retention means more people stay in the service longer and therefore more people become retirement eligible. Hence, if enlisted retention is consistently high, then over a period of time you can expect more retirements than "normal".

HEALTH CARE COST SAVINGS FOR RETIREES

Mr. CARR. On page 175, you are showing a program savings in fiscal year 1994 of $16,284,000 due to lower retirement and health care costs. Please explain in detail how these savings occurred.

[The information follows:]

The fiscal year 1994 estimate of $548,774,000 was developed using the estimated FY93 costs as it's base. The program savings of $16,284,000 was created by: (1) a combination of lower actual 1993 retirement costs and the impact of delaying the COLA for non-disabled retirees from January 1, 1994 until April 1, 1994 in accordance with P.L. 103–66, Section 2001 ($11,054,000); and (2) an across-the-board adjustment for 1994 health care costs based on lower 1993 actual costs ($5,230,000).

Mr. CARR. How are the savings being utilized?

[The information follows:]

The Retired Pay appropriation is designated as a mandatory account; therefore, the $16,284,000 surplus cannot be used for purposes unrelated to retired pay. These funds will be returned to the general fund of the Treasury.

ANNUAL RETIREMENTS

Mr. CARR. Please update the data on annual retirements, numbers on the retired rolls, and average annual pay for retired person by grade, as shown on pages 1122 through 1123 of last year's hearing record.

[The information follows:]

Average Annual Pay for Retired Personnel by Grade

Commissioned Officers:	Regular	Reserve/1
O-10	$76,886	$ 0
O-9	72,671	0
O-8	66,729	25,323
O-7	58,284	0
O-6	47,162	15,773
O-5	30,938	11,090
O-4	26,458	9,420
O-3	22,296	13,096
O-3E	21,965	11,712
O-2	13,157	11,364
O-2E	13,608	0
O-1	11,732	0
O-1E	0	0
Warrant Officers:		
W-4	27,851	10,509
W-3	19,325	8,431
W-2	15,967	6,427
W-1	14,173	0
Enlisted Personnel:		
MCPOCG	35,883	0
E-9	22,922	8,529
E-8	17,623	7,131
E-7	14,490	6,342
E-6	11,781	4,655
E-5	7,405	4,012
E-4	4,740	4,446
E-3	3,971	0
E-2	3,570	3,876
E-1	3,117	0

(1) Reserve Retired Pay is based on a "point" system. "Points" are accumulated for the number of years of active duty service, courses completed, and drills performed. It is possible for retired pay inversions to occur that would otherwise seem unlikely. That is, lower ranks may retire at higher pay levels than higher ranks.

Annual Retirements and Numbers on the Rolls:

			Estimate		Actual
NUMBERS ON ROLLS:	1/	1994	28,412		-----
		1993	27,883		27,799
		1992	27,208		27,296
		1991	26,661		26,571
		1990	26,094		26,070
		1989	25,523		25,513
		1988	24,940		25,023
		1987	24,673		24,430
		1986	24,298		24,254
		1985	23,913		23,755
		1984	24,191		23,379
		1983	23,562		23,085
RETIREMENTS:		1994	1178	2/	336
		1993	1092		1079
		1992	1157		1097
		1991	1065		1051
		1990	1172		1046
		1989	1104		987
		1988	851		1284
		1987	799		818
		1986	806		977
		1985	860		837
		1984	1287		750
		1983	1283		860

(1) Average strength on the rolls during year indicated.
(2) Actual retirements as of February 1994

RESERVES—REDUCTION IN SUPPORT FTE

Mr. CARR. The budget proposes a reduction of nine active duty FTE in conjunction with the proposed drawdown of 1,000 in the selected reserve. The justification states that this is the first portion of a phased reduction of 35 military full-time support billets. Why are you phasing this reduction in so slowly (only nine of 35 in the first year)?

[The information follows:]

A permanent reduction of 35 FTS billets will be taken in conjunction with the reduction of 1,000 Selected Reservists. The Coast Guard is phasing the 35 FTS billet reduction for two reasons. First, over the short term, planning and administrative actions needed to further streamline the selected reserve will actually increase the planning and administrative workload of the Reserve staffs supported by these FTS billets. Second, the Coast Guard's fiscal year 1995 budget includes a reduction of 1,013 military Full Time Positions. The nature of a military workforce makes it very difficult to cost effectively execute such a large reduction in a single year. Phasing personnel reductions over time mitigates the disruption to the workforce and allows for a more orderly and controlled downsizing.

TRANSITION BENEFITS (RESERVES)

Mr. CARR. Please provide a summary of the transition benefits authorized for Coast Guard Reservists in the National Defense Authorization Act of 1994, and state which benefits are included for funding in the fiscal year 1995 budget request.

[The information follows:]

The National Defense Authorization Act of 1994 (P.L. 103–160) authorized the same transition benefits for Coast Guard reservists that were authorized for Department of Defense reservists by the National Defense Authorization Act of 1993 (P.L. 102–484). Authorized benefits fro reservists who are involuntarily separated from the Selected Reserve are: Separation pay for reservists with 6–15 years satisfactory service; early vested retirement for reservists with 15–20 years satisfactory service; up to 5 years of special annual payments for reservists with 20–30 years satisfactory service; continuation of commissary and exchange privileges for 2 years after separation; and continuation of Montgomery GI Bill benefits for the remainder of the previously established period of eligibility. The fiscal year 1995 budget request includes funding for separation pay. The early vesting of retirement benefit has no current cost, as retired pay would not start until the reservist reaches age 60. The continuation of commissary and exchange privileges has no cost to the Coast Guard. The Reserve Training Appropriation base is already funded for the continuation of Montgomery GI Bill benefits. The fiscal year 1995 budget request does not contain funding for the 5 years of special annual payments for reservists with 20–30 years satisfactory service. The Coast Guard is not offering the 5 year annuity benefit because the annuity "tool" is not necessary for the management of Coast Guard Reserve downsizing. In order to receive the annuity, reservists would have to be transferred to a retired status which would decrease the size of the Individual Ready Reserve (IRR). Reservists transferred from the Selected Reserve into the IRR with 20–30 years of satisfactory service will still have the opportunity to continue to earn additional retirement credits while assigned to the IRR and can continue to compete for future Selective Reserve assignments.

RESERVE OFFICERS

Mr. CARR. On page 261, the data indicates that the percentage of officers has risen from 12 percent of total Reserve strength to 15 percent in your fiscal year 1995 estimate. If the 12 percent rate were being maintained, you would have 196 less Reserve officers. Wouldn't you be able to keep more enlisted men and women in uniform, mitigating the budget constraints, if you kept the officer rate at 12 percent?

[The information follows:]

The data on page 261 of the Coast Guard Fiscal Year 1995 Budget indicates that Reserve officers and chief warrant officers represented 12.3 percent of the total Selected Reserve strength at the end of fiscal year 1986, and that this percent gradually increased to a projected 14.8 percent at the end of fiscal years 1994 and 1995. The percentage shift has not been abrupt. It is true that the reduction of 196 more officers and chief warrant officers in fiscal year 1995 would allow more than 196 enlisted personnel to be retained in the Selected Reserve due to the comparative costs of each. However, the decision on both the fiscal year 1994 and 1995 officer/enlisted Selected Reserve force mix is based on an assessment of mobilization requirements rather than on mitigation of budget constraints. The fiscal year 1994 Selected Reserve force mix reflects the Coast Guard's post cold war mobilization requirements. The fiscal year 1995 Selected Reserve force mix is based on the identification of low risk mobilization requirements that could remain unfilled without seriously harming the Coast Guard's ability to meet likely mobilization scenarios.

TRAINING FACILITIES

Mr. CARR. Please update the breakdown of your fiscal year 1995 request for operations and maintenance of training facilities, similar in format to that shown on page 1084 of last year's hearing record.

[The information follows:]

Operation and Maintenance of Coast Guard Reserve Training Facilities

	Thousands
Annual training and initial active duty training sites:	
Reserve Training Center, Yorktown	$5,518
Training Center, Petaluma	407
Training Center, Cape May	858
Inactive Duty Training Sites	693
Course preparation and evaluation site:	
Coast Guard Institute	154
Supply Center Brooklyn	[1] 0
Total	7,630

[1] Supply Center Brooklyn has been moved to Baltimore, MD. As part of the 88 full-time support (FTS) reductions to the Reserve Program in fiscal year 1994, the one military (FTS) billet funded by the Reserve Training Appropriation at the Supply Center was deleted. Therefore, the support costs to that facility have been eliminated.

RTC YORKTOWN MAINTENANCE

Mr. CARR. Please provide a listing of any major maintenance projects scheduled for your Yorktown, Virginia, training facility, similar in format to that shown on page 1085 of last year's hearing record.

[The information follows:]

The following list represents major maintenance projects currently planned for fiscal year 1995 Reserve Training Center Yorktown:

[In thousands of dollars]

Project	*Estimated Cost*
Rehabilitate security building	$160
Rehabilitate warehouse building	80
Rehabilitate Hamilton Hall	947
Rehabilitate HVAC Cain Hall	255
Structural rehabilitation of main pier	1,359
Renovate auditorium main entrance	406
Repair UTB bulkhead and pier	219
Replace roof Lafayette Hall (UPH)	217
DDT exploration and removal	230
Cleanup of USE sites	193
Replace classroom carpet Canfield Hall	68
Replace galley equipment	155
Replace oily water separator	50
Replace leaking shower stalls Lafayette Hall	36
Firefighting school soil remediation	150

Project	*Cost*
Convert Cain Hall to natural gas heat	41
Convert to natural gas heat buildings 207, 208	84
Convert galley to natural gas heat	40
Convert ovens to gas	55
Underground storage tank upgrade—Phase II	100
Replace raw water pump	110
Demolish grounds crew bldg/carpenter shop + add parking	80
Road and parking lot resurfacing	300
Rehabilitate potable water lines	400

Several of these projects were planned for fiscal year 1994, but encountered problems during the design stage. They are now included in the 1995 plan. The figures listed are the total funds required for the projects.

OTHER SERVICES (RESERVES) TRAINING

Mr. CARR. Please provide a breakdown of your fiscal year 1994 and 1995 costs for "other services" for the reserve training appropriation, similar in format to that shown on page 1088 of last year's hearing record.

[The information follows:]

ESTIMATED OBLIGATIONS FOR OTHER SERVICES

[In thousands of dollars]

	Fiscal year (Est.)	
	1994	1995
Commercial meals for drilling reservists	$450	$410
Computer maintenance services	322	330
ADP services	323	330
Repairs to Reserve Unit facilities	66	70
Contracted berthing for drilling reservists	399	410
Training services	154	130
Miscellaneous equipment repair services	32	30
GSA SLUC Charges (after hours Bldg use)	27	30
Other miscellaneous services [1]	887	870
Total	2,660	2,610

[1] Estimated level of operating and maintenance support services incurred at active unit training and administrative support facilities in support of the Reserve Program. These services include maintenance, repair, training aid, small boat, shore unit, and electronic equipment support services.

SMALL ARMS TRAINING (RESERVES)

Mr. CARR. Please update the data on small arms training shown on page 1090 of last year's hearing record.

[The information follows:]

The most recent data available on Reserve small arms training follows:

RESERVE SMALL ARMS TRAINING STATISTICS

[January 1, 1992–December 31, 1992]

Type of weapon course	Reservists requiring qualification[1]	No. trained	Percent of requirement	No. qualified	Percent of requirement
M–16[2]	5,147	4,052	79	3,641	71
BPMC[3]	1,327	1,404	106	1,088	82
PPC[4]	6,620	5,245	95	4,874	74
SHOTGUN	5,314	4,263	80	3,952	74
Total	18,408	14,964	81	13,555	74

[1] Number of reservists needing these courses of instruction during this annual period. Includes requirements for both peacetime augmentation and mobilization.

[2] M–16 5.56mm Rifle Course.

[3] Basic Pistol Marksmanship Course for 9mm Pistol.

[4] Practical Pistol Course for 9mm Pistol.

Note.—(a) These statistics report training and qualification by type of small arms courses required during the annual period. The frequency of required training in any particular course varies. Since a reservist's duties for augmentation and mobilization frequently require qualification on more than one weapon, the statistics do not add to total number of different reservists trained.

(b) The increase from 13,471 reservists requiring qualification in 1991 to 18,408 in 1992 is attributed to increases in local augmentation requirements (e.g.—boarding team member training, unit security, etc), the return to a drilling status of the 3 Port Security Units deployed during Desert Storm, and the shift of some semi-annual small arms training requirements from the end of 1991 into the beginning of 1992. With the downsizing of the Reserve that started in fiscal year 1992, there should be a reduction in Reserve small arms training statistics reflected in future reports.

ALTERATION OF BRIDGES—NEW INVESTIGATIONS

Mr. CARR. On page 247, the justifications state that you plan to conduct 2 Truman-Hobbs investigations in fiscal year 1994 and six in fiscal year 1995. Which bridges do you plan to investigate?

[The information follows:]

The following is a list of bridges that we expect to investigate in fiscal years 1994 and 1995. However, this list may change as new facts become available; i.e., bridge-ship allisions, changes in the nature of waterways/navigation, new safety issues, etc.

a. Bridges scheduled to be investigated in fiscal year 1994 are:
  1. EJ&E Railroad Bridge, Devine, Illinois;
  2. Maumee River Railroad Bridge, Toledo, Ohio.

b. Bridges scheduled to be investigated in fiscal year 1995 are:
  1. McArdle Highway Bridge, Boston, Massachusetts;
  2. Illinois Gulf Central Railroad Bridge, Louisiana, Missouri;
  3. Chicago Northwestern Railroad Bridge, Pekin, Illinois;
  4. Soo Line Railroad Bridge, Sabula, Iowa;
  5. Chicago, Northwestern Railroad Bridge, Clinton, Iowa;
  6. Soo Line Railroad Bridge, La Crosse, Wisconsin.

LAW ENFORCEMENT RESOURCES

Mr. CARR. On page 251, your cutter operating hours dropped by 4 percent (8,287 hours) in fiscal year 1994 compared to the previous year, and your aircraft hours dropped 9 percent (3,783 hours). However, on page 30 it shows that your overall spending for law enforcement activities increased during that time period. How was overall spending going up when cutter and aircraft hours were going down?

[The information follows:]

The process of estimating spending for mission areas, including law enforcement, is based on a cost allocation model—the program budget algorithm. This model is founded on the assumption that all spending in the operating expenses appropriation ultimately contributes to mission performance. Therefore, all costs incurred in the operating expenses appropriation, both operational and support, are allocated to specific operational missions by the algorithm. When overall costs in the appropriation rise, allocated costs in some or all program areas will rise, despite fluctuations in operational tempo.

The program budget allocates all operating expenses costs to mission areas based on cost "drivers". Drivers are selected which will most closely reflect the relative effort put into various mission areas, and the total pool of costs are spread based on those drivers. One such driver is the percent of cutter and aircraft operating-hour employment by mission. Since the algorithm involves cost allocation, it is the percentage of effort in each mission area that affects the outcome, not the overall level of operating hours. Further, while estimated spending for law enforcement shows a slight increase from fiscal year 1993 to fiscal year 1994 in nominal dollars, in real dollars the data show an actual decrease when inflation is factored in.

By design, the program budget algorithm involves complex cost aggregation and allocation sub-routines. While not precise in an accounting sense, it is a well designed and documented model which is useful in developing a reasonably representative picture of trends in Coast Guard mission emphasis.

MIGRANT INTERDICTION TRENDS

Mr. CARR. According to the justifications, your fiscal year 1995 data projections assume that the fiscal year 1993 level of migrant interdiction operations will continue through 1995. What has been the trend for the past six months and how does that compare to 1993 levels?

[The information follows:]

Tables 1 through 4 show the relationship of Coast Guard at-sea interdictions among the primary migrant groups for the first 6 months of 1994 and the comparable months in 1993.

Table 1.—Haiti

Fiscal year 1994:	
October	95
November	60
December	226
January	63
February	345
March	234
Total	1023
Fiscal year 1993:	
October	737
November	1016
December	494
January	1354
February	9
March	11
Total	3621

Table 2.—DomRep

Fiscal year 1994:	
October	2
November	41
December	6
January	2
February	25
March	0
Total	76
Fiscal year 1993:	
October	110
November	120
December	122
January	83
February	0
March	0
Total	435

Table 3.—Cuba

Fiscal year 1994:	
October	609
November	425
December	358
January	248
February	384

March	310
Total	2334
Fiscal year 1993:	
October	263
November	191
December	133
January	158
February	136
March	158
Total	1039

Table 4.—China

Fiscal year 1994:	
October	0
November	0
December	0
January	0
February	29
March	0
Total	29
Fiscal year 1993:	
October	0
November	0
December	6
January	537
February	51
March	0
Total	594

Mr. CARR. The justification states (p. 251) that if migrant interdiction costs are less than expected, "it is likely that Coast Guard drug law enforcement operations would return to fiscal year 1992 levels." Has the Coast Guard already made a policy decision regarding where to put those resources should they become available, and if so, why drug interdiction instead of other activities?

[The information follows:]

A policy decision has been made by the Coast Guard to return resources which become available if migrant interdiction resources were reduced to drug law enforcement operations at approximately the fiscal year 1992 level, less reductions taken in 1994.

The Coast Guard has allocated significant multi-mission resources in support of the continued Haitian migration crisis. Most of these assets previously conducted drug law enforcement missions. We believe that we need to return most of these resources to the drug interdiction mission to properly support the objectives contained in the President's national drug control policy.

During the late 1980's, approximately 24 percent of the Coast Guard's operating budget was allocated to drug law enforcement. However, because of changing national priorities, the Coast Guard balanced our allocation of resources across Coast Guard missions by reducing drug interdiction to approximately 16 percent. However, we are currently allocating less than 10 percent of the Coast Guard's operating budget to drug interdiction, due to the resources required to support migration interdiction operations. In the absence of other specific higher priority missions, a better balance of existing resources across missions would allocate approximately 15 percent of the Coast Guard's operating budget to drug interdiction.

TRAINING COSTS

Mr. CARR. On page 256, you show that the number of regular enlisted recruits has been declining, from 5,399 in fiscal year 1991 to an estimated 3,400 in fiscal year 1995. Has the Coast Guard been showing reductions to the base for reduced training and administrative costs consistent with the drop in recruits?

[The information follows:]

There have been recruit training funding reductions consistent with lower recruit loading, the overwhelming majority of which have come from the food service contract that is directly tied to recruit throughput. In 1991 the food service contract costs were $3.2 million, and are projected to be approximately $2.1 million in 1994.

When analyzing recruiting trends it is more accurate to consider increases and decreases in recruiting needs over several years. (For a variety of reasons these needs tend to be relatively consistent over 4 year cycles.) In 1987 and 1991 recruiting needs were the highest (over 5,000). However, with the downsizing of the Coast Guard, as a result of historically high retention rates and budgetary constraints, we estimate 1995 will only require the recruitment of 3,400 personnel. Steady recruit training funds are needed to accommodate both the normal ebb and flow of recruit requirements and to absorb unusual occurrences affecting student throughput.

HOUSING: LEASES VERSUS OWNED UNITS

Mr. CARR. On page 257, the number of Coast Guard housing leases is projected to decline from 5,900 in fiscal year 1993 to 5,500 in fiscal year 1995. Coast Guard-owned housing is expected to increase during that time period, from 4,878 units to 5,468 units. I thought the Coast Guard's policy was to expand the leased housing program and only use Coast Guard-owned housing as a last resort. These numbers indicate the exact opposite. Would you explain?

[The information follows:]

The decline in the number of leased units and the increase in Coast Guard-owned housing are not directly related. The decrease in the number of leases is the result of increased Coast Guard owned housing unit availabilities (due to the Department of Defense BRAC initiative) and Coast Guard management improvement initiatives. As a result of numerous Department of Defense base closures, the Coast Guard has acquired additional houses at significantly reduced rates. This has reduced leased housing needs. Contracted relocation assistance has also reduced the demand for Coast Guard leases as personnel are better able to locate leases affordable within their housing allowance. Fiscal years 1994 and 1995 personnel reductions will also reduce leasing demand. The combination of reduced demand and improved management will allow us to meet our housing needs with fewer leases.

Our policy is unchanged. Coast Guard-owned units are only being built in areas where there is an insufficient or inadequate housing market and only after contracted market studies validate the need to build.

TRAVEL ORDERS

Mr. CARR. On page 258, you are showing an increase of 1,790 travel orders in fiscal year 1995. What portion of this increase is due to the work force management initiatives such as VSI/SSB?

[The information follows:]

Currently, the Coast Guard does not have statutory authority to exercise VSI/SSB for fiscal year 1994. The table on page 258 does not contain information for fiscal year 1995. The difference between fiscal year 1993 and 1994 (delineated in the table) is attributed to three major changes:

1. Prior to 1994, the Coast Guard did not issue a travel order number to those enlisted members leaving the service voluntarily after their initial enlistment. This type of travel order is included in the table (1995) this year, for the first time. Approximately 1690 travel orders will be issued under this accounting change.
2. The workforce management initiatives being executed in 1994, such as the reduction in force and voluntary early release program, account for an increase of approximately 1000 travel orders.
3. The number of routine permanent change of station travel orders issued for reassignment have decreased by approximately 900 travel orders from the 1993 level.

HH–60J AIRCRAFT FUNDED IN 1993 DEFENSE BILL

Mr. CARR. What is the status today of the HH–60J aircraft included in the fiscal year 1993 defense budget, and when will it be delivered to the Coast Guard?

[The information follows:]

The HH–60J funded in the 1992 defense budget is on contract at Sikorsky Aircraft and is expected to be delivered to the Navy by the end of April 1994. The Navy intends to transfer the aircraft to the Coast Guard within a week of delivery. This aircraft will be the thirty-ninth HH–60J for the Coast Guard.

47-FOOT MOTOR LIFEBOAT

Mr. CARR. According to the quarterly acquisition report transmitted to the Congress on January 14, 1994, the Coast Guard is receiving consideration for delay and nondelivered items in the motor lifeboat (MLB) replacement program. Exactly what is the nature and amount of this consideration?

[The information follows:]

As consideration for schedule changes, the Coast Guard deobligated $128,125.00. In addition, the Coast Guard received the following considerations:

Cancellation of $1,232.47 in interest and agreement not to claim interest for late payment on two other invoices.

Agreement not to pursue any claim for equitable adjustment for unilateral contract modification 34, engineering change proposal to modify rubber fenders (approximately $10,000).

Incorporation of design changes required under contract modification 37 at no cost. This modification was estimated at $5,000.

An additional quarterly progress review meeting.

CADAM computer tape containing all design drawings. The CADAM software program is new since contract inception and will greatly simplify future solicitations.

Switch delivery sites for boats 47203 and 47205.

Mr. CARR. What are the reasons for the contractor providing the consideration? How many boats were late and how late were they? For the record, provide a chart depicting the scheduled delivery date for the five preproduction boats and the actual delivery dates.

[The information follows:]

Consideration was provided as compensation for delaying the start of operational test & evaluation. All five boats were delivered between 6–8 months late as illustrated by the chart below.

Hull No.	Contract delivery date	Actual delivery date
47201	March 10, 1993	September 14, 1993.
47202	April 4, 1993	October 25, 1993.
47203	April 15, 1993	October 8, 1993.
47204	May 4, 1993	December 22, 1993.
47205	May 21, 1993	January 21, 1994.

Mr. CARR. What evidence do you have that the contractor has resolved all difficulties in the program? What specific actions can you relate? For example, replacement of a program manager, addition of technical or other expert assistants to the program, or increased top level management?

[The information follows:]

The Coast Guard continues to work very closely with the contractor to resolve all remaining difficulties in the program. Each boat delivered contained discrepancies for which we are receiving compensation. This compensation is over and above that deobligated due to delay of the operational test and evaluation. We are currently preparing for negotiations with the contractor to resolve these construction discrepancies. Discrepancies range from very minor in nature (cleanliness) to deficient components/systems (hatches, air conditioning). The Coast Guard is encouraged by the increased involvement of top level management regarding our problems, and with recent personnel changes that have occurred.

Mr. CARR. The schedule for the program calls for the completion of operational test and evaluation and full-scale production decision in the fourth quarter of fiscal year 1994. Yet the schedule risk is described as medium. How confident are you that OT&E and the key decision point 4 will occur this year? What is your best estimate of when KDP 4 will happen?

[The information follows:]

The Coast Guard began initial testing of the 47′ MLB prototype in October 1991. 47′ MLB preproduction boat operational test and evaluation began in October 1993 and is ongoing. The Coast Guard is confident that major acquisition key decision point 4 will occur as scheduled in the fourth quarter of fiscal year 1994.

Mr. CARR. What preliminary results do you have from the OT&E work accomplished to date? When will the OT&E be completed?

[The information follows:]

Preliminary feedback from the field indicates that the boats are meeting performance requirements. As stations complete ready for operations training, the 47-foot motor lifeboat becomes the boat of choice for operations. The boat's speed, towing ability, and seakeeping are the most notable improvements over the 44-foot motor lifeboat. Two boats have rolled up to 134 degrees and have re-righted with no injuries to the crew and very minor damage to the boats themselves. This has confirmed our confidence in the overall design integrity of the 47-foot motor lifeboat.

As of April 12, we have received 75 recommended engineering change proposals (RECPs) from the operators. These RECPs are generally minor in nature and deal mostly with improvements in human engineering.

OT&E data will be presented prior to key decision point 4 (KDP 4, approval for full production), currently scheduled for the fourth quarter fiscal year 1994. The intent is to capture OT&E data at two points: (1) prior to KDP4 (to approve full production), and (2) in January 1995, the end of one full year from the last preproduction boat delivery. Extending OT&E to January 1995 permits the Coast Guard more time to capture heavy weather and surf data. All portions of OT&E will be complete prior to full production contract award.

Mr. CARR. What is the status of the technical data package being prepared by the contractor of the five preproduction boats?

[The information follows:]

Textron, Inc. satisfied contract requirements by delivering the complete package on March 21, 1994. Coast Guard is currently reviewing the package and revising it as necessary in preparation for the upcoming production solicitation.

MOTOR LIFEBOAT WARRANTY PROVISIONS

Mr. CARR. Describe the warranty provisions envisioned for the motor lifeboat program? What are the total costs associated with the warranty program?

[The information follows:]

Coast Guard envisions implementing a full-production warranty program similar to the existing program for the preproduction boats. This includes a one year warranty on each boat and associated equipment. A government estimate has been prepared for this item, but this information is competition sensitive and has not been released to the public. The estimate will be submitted separately.

MOTOR LIFEBOAT (47-FOOT) CONTRACT

Mr. CARR. Since the Coast Guard intends to compete the 47-foot motor lifeboat program as a small business set-aside, the contractor that built the five preproduction boats and prepared the technical data package that will serve as the blueprint for construction will be ineligible to compete; is that correct?

[The information follows:]

The Small Business Act (15 U.S.C. 631), as implemented by the Federal Acquisition Regulations (FAR 19.502), requires government agencies to review acquisitions to determine if they can be set-aside for small business. Acquisitions shall be set-aside for exclusive small business participation if there is a reasonable expectation that: (1) offers will be obtained from at least two responsible small business concerns; and (2) awards will be made at fair market prices. The Coast Guard anticipates these requirements will be met, thereby resulting in a small business set-aside decision. A market survey will be conducted in April to confirm that adequate competition and capability exists.

The contractor who built the five preproduction boats and prepared the technical data package is rated as a large business by the Small Business Administration. Should the April market survey confirm that adequate competition exists, and the Small Business Administration determines that a small business set-aside is warranted, that some contractor will not be eligible to compete for the full production award. They would, however, be allowed to participate as a subcontractor under a small business prime contractor.

Mr. CARR. When one firm has prepared a data package and another is constructing the product on a build-to-print basis, questions often arise. Does the Coast Guard envision some type of residual technical assistance contract role for the contractor of the data package?

[The information follows:]

Coast Guard does not believe that a residual technical assistance role is necessary based on the amount of existing in-house knowledge and experience available. The technical data package, as delivered, satisfies the contract requirements, and the contractor was compensated for the work performed. The data package is currently undergoing a thorough review. In addition to being reviewed by the headquarters naval engineering staff, the Coast Guard Yard engineering department is performing a configuration audit of one of the preproduction boats to verify the accuracy of the detail design drawings.

Mr. CARR. What items are assumed to be included in the $195,000 required in each year 1995 through 1999 for government-furnished equipment for the 47-foot lifeboat? Why does the budget request only include $96,000 for these items when previously prepared documentation revealed the higher amount?

[The information follows:]

The 47-foot lifeboat contractor will be provided with the following government furnished equipment (GFE): Raytheon AN/SPS–69 radar, Motorola MCX–1000 VHF–FM radios, Simrad TD–L1520 radio direction finders, Adcock EA–351 VHF–FM antennas, and technical manuals. Our 1995 budget sheet contains an earlier estimate for the cost of government furnished equipment. The $195,000 is an updated estimate based on actual costs of GFE.

MOTOR LIFEBOAT (47-FOOT) MILESTONES

Mr. CARR. The Coast Guard assesses the schedule risk for this program as medium. For the record, provide the upcoming milestones in the motor lifeboat program. Indicate those which have the highest probability of slipping and the estimate of any time that might be lost to schedule.

[The information follows:]

47-FOOT MOTOR LIFEBOAT MAJOR MILESTONES

KDP 4 approval, September 16, 1994.
IFB issued, November 14, 1994.
Bid opening, January 15, 1995.[1]

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[1] See p. 511.

Contract award, April 3, 1995.[1]
First boat delivery, 1st quarter 1997.

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[1] Highest risk of slipping: A slip in bid opening could result from a protest, following the Small Business Administration's determination that this project is, or is not, a small business set aside; a slip in contract award could result from protests by unsuccessful bidders, delaying the schedule at least 90 days.

SEAGOING BUOY TENDER

Mr. CARR. The fiscal year 1995 budget includes $34,500,000 for the seagoing buoy tender program. This represents the third vessel procured in the program.

According to documentation provided by the Coast Guard, in fiscal years 1993 and 1994 a total of more than $10,000,000 in this program is required for "vessel/site revisions." Explain exactly what these revisions are and how the estimates are developed.

[The information follows:]

The vessel/site revision cost estimate provides funds necessary to mitigate cost, schedule, and performance risks inherent in any shipbuilding program. It is a rough order of magnitude cost estimate calculated as a percentage of contract costs. For the lead ship, a value of 20 percent is used. For the option vessels, the percentage decreases to 15 percent. For full production cutters, the value used is 10 percent. Collectively, these percentages are consistent with historical cost data regarding contract changes associated with major shipbuilding projects. Funds required for vessel/site revisions are needed in the first two years of the expected individual cutter contract award date.

Funds requested for vessel/site revisions are required for expected costs associated with the actual construction of each cutter and to deliver a fully supported class of cutters to the fleet. Examples of items which will be funded from this cost element include required contract modifications for each cutter from design through construction, rounding out of system spare parts as actual equipments are identified and verified for reliability, and developing additional training programs and materials. Other items which will be funded from this category include detailed site surveys and minor shoreside changes, including electrical, water, and sewage hookups necessary to accommodate each cutter once its homeport is identified.

Mr. CARR. What is the actual amount spent in 1993 and in 1994 to date on vessel/site revisions?

[The information follows:]

In fiscal year 1993, approximately $100,000 was spent on vessel revisions. In 1994, an additional $450,000 has been expended as of April 1994 in this category. No funds have been expended on site revisions pending a decision on homeport assignments for the first two vessels.

Mr. CARR. The 1994 program included approximately $1,000,000 for economic price adjustments. The 1995 request includes $2,500,000 for the same purpose. What is the basis for these estimates?

[The information follows:]

Economic price adjustment (EPA) estimates are calculated using Bureau of Labor Statistics indices based on a ten year average of shipbuilding labor and material costs. These indices are prescribed in the contract.

EPA estimates for a specific vessel are spread across the fiscal years in which the vessel will be constructed. The funds budgeted in 1994 are associated solely with the lead ship. The funds budgeted in 1995 will pay costs associated with both the lead ship and the first option vessel.

Mr. CARR. Since both the 1994 and 1995 programs fund one ship each, why is the estimate for economic price adjustments in 1995 more than double the 1994 amount?

[The information follows:]

Economic price adjustments for a specific vessel are spread across the fiscal years in which the vessel will be constructed and based on the portion of the work completed in each fiscal year. The funds budgeted in 1994 are associated solely with the lead ship. The funds budgeted in 1995 will pay costs associated with both that portion of the lead ship work completed in 1995 and the first option vessel work. Funds are requested in the year in which they are expected to accrue.

INTEGRATED LOGISTICS SUPPORT

Mr. CARR. Explain the composition and development of the estimates for integrated logistics support, which decreases from $2.4 million in 1994 to $2.1 million in 1995. Are these funds awarded by separate contract? Why are integrated logistics support funds needed so far in advance of the delivery of the first ship?

[The information follows:]

Integrated logistics support (ILS) funding includes both contract and non-contract cost elements. Contract ILS includes funds needed to execute ILS options contained in the individual cutter contracts. Examples of these items are contractor provided interim supply support, on-board repair parts, factory provided training and preparation of technical manuals.

Non-contract ILS includes funding to purchase items not identified in the individual ship contracts. Examples of non-contract ILS items include purchasing general shipboard consumables, allowance list spare parts, medical supplies and training not provided by the contractor. Additional non-contract ILS items, such as crewing studies, training studies and documentation preparation, are awarded using separate contracts.

Certain contract elements require funding prior to vessel delivery. More importantly, it is critical to the success of the program that the training and support infrastructure are on line and functional prior to delivery of each vessel. Upon delivery, each buoy tender will begin a rigorous operational test and evaluation (OT&E) period. The vessel will become fully operational following successful completion of OT&E, and immediately assume buoy tending duties for a designated area of responsibility. Experience has shown that if the support and training infrastructures are not developed and implemented in parallel with vessel design and construction they are more costly and less efficient over the lifetime of the vessel.

BUOY TENDER CONTRACTUAL PROVISIONING REQUIREMENTS

Mr. CARR. When will the Coast Guard or the prime contractor hold provisioning conferences to determine the amounts and types of spare parts required for the buoy tenders?

[The information follows:]

A provisioning guidance conference (PGC) was held June 15–16, 1993. The purpose of the PGC was to ensure the contractor had a firm understanding of the contractual provisioning requirements. Subsequent quarterly logistics reviews, are being held to monitor the contractor's logistics performance and to serve as a forum for the government and contractor to discuss the contractor's logistics deliverables.

In addition to the above conferences, the Coast Guard may hold formal provisioning conferences within 90–120 days of Coast Guard acceptance of the contractor's completed provisioning technical documentation packages.

WLB PROGRAM

Mr. CARR. The current schedule calls for the lead ship in the WLB program to be delivered in November 1995, or the first quarter of fiscal year 1996; is that correct?

[The information follows:]

Yes, the current schedule calls for delivery of the lead ship WLB in the first quarter of fiscal year 1996.

Mr. CARR. That being the case, why is the profile for test and evaluation resources $150,000 each in 1993 and 1994, $500,000 in 1995, and only $200,000 in 1996? Detail exactly how the test and evaluation monies will be used.

[The information follows:]

Funds are required to perform an independent operational assessment (IOA) and independent operational test and evaluation (IOT&E). The IOA and IOT&E are oversight functions in which data provided under the contract is examined by an independent source to determine the effectiveness of the lead ship to perform its intended mission. The efforts are extensive and parallel both developmental test and evaluation (DT&E) and operational test and evaluation (OT&E).

The higher funding level in fiscal year 1995 is due to the fact that resource requirements for the two separate test efforts overlap in that year. Funding supports all efforts associated with the plan development, execution, analysis, documentation, procurement of test equipment, engineering support contracts, travel and administrative functions. The technical scope of the work is broad but includes assessment of naval architectural/naval engineering design characteristics, human engineering features, maintainability and reliability.

WLB PLANNED LOCATIONS

Mr. CARR. Where will the Coast Guard locate the new WLBs? Provide a list indicating the location of current seagoing buoy tenders and the proposal for the new vessels. Indicate the reasons for any changes from the assumptions contained in the port needs study completed in 1991.

[The information follows:]

A list of current and future seagoing buoy tender (WLB) homeports is provided below. The planned homeports are compatible with the Port Needs Study and are based on the results of the Aids to Navigation Service Force Mix (ATON SFM) 2000 Project completed in July 1992, which analyzed the optimum fleet mix of WLBs, coastal buoy tenders (WLMs), and homeports based on efficiently conducting the servicing of aids to navigation. The mix, number, and homeports of these fleets are closely connected and are continually under review by the program director. To date there have been no changes to the homeports listed in the 1992 SFM 2000 Report.

WLB HOMEPORTS

USCG DISTRICT	CURRENT WLB HOMEPORTS	PLANNED HOMEPORTS
1	South Portland, ME	South Portland, ME
	Woods Hole, MA	
	New York, NY	
		New London, CT
5	Cape May, NJ	Cape May, NJ
	Portsmouth, VA	
	Atlantic Beach, NC	Replaced by WLM
7	Charleston, SC	Replaced by WLM
	Mayport, FL	
		Miami, FL

WLB HOMEPORTS

USCG DISTRICT	CURRENT HOMEPORTS	PLANNED HOMEPORTS
8	Mobile, AL	Mobile, AL
	Galveston, TX	Replaced by WLM
9	Port Huron, MI	Port Huron, MI
	Charlevoix, MI	Charlevoix,MI
	Duluth, MI	
11	San Pedro, CA	Replaced by WLM
	San Francisco, CA	San Francisco, CA
13	Astoria, OR	Astoria, OR
	Seattle, WA	Replaced by WLM
14	Honolulu, HI (2)	Honolulu, HI (2)
	Guam	Guam
17	Ketchikan, AK	Replaced by WLM
	Sitka, AK	Sitka, AK
	Cordova, AK	Cordova, AK
	Homer, AK	Homer, AK
	Kodiak, AK (2)	Kodiak, AK (1)

NEW BUOYS EFFECT ON WLB

Mr. Carr. The Coast Guard is conducting research on the new buoys that could require less maintenance than existing buoys. How will the potential introduction of a new generation of buoys affect the requirement for and operation of the new seagoing buoy tenders?

[The information follows:]

The research on new buoys (lighter and less maintenance intensive) will have no effect on the servicing capability requirements for the new seagoing buoy tender. Mission analysis has shown that sea conditions and platform stability are two of the primary governing criteria which drive the requirements for a platform. If the reduction in buoy maintenance results in less frequent servicing visits, fleet-wide servicing capacity requirements would diminish. However, the research has just begun and we have not had time to assess the potential impact on buoy servicing intervals. The final report on this R&D is expected to be completed in summer of 1996. Further, we anticipate the new generation of buoys would be introduced gradually, and would not comprise the majority of deployed aids for the next 15 to 20 years.

ADVANCED BUOY TECHNOLOGY IN WLB DESIGN

Mr. Carr. How has the Coast Guard accounted for advances in buoy technology and advanced navigation technology such as the global positioning system in the design of the new buoy tenders?

[The information follows:]

The advances in buoy technology offer little opportunity to affect a ship's design. Improvements in navigation and shipboard operations technologies are significantly integrated into the ship's design. Differential Global Positioning, dynamic positioning systems, electronic chart display and information systems, and main propulsion control and monitoring systems all contribute to a ship's integrated bridge. These advances have helped to decrease the number of required seagoing and coastal buoy tenders from 37 to 30, and to reduce crewing for the replacement tenders; resulting in a potential fleet wide reduction of approximately 500 personnel when fully implemented.

COASTAL BUOY TENDER REPLACEMENT PROGRAM

Mr. Carr. The fiscal year 1993 Appropriations Act included $18,500,000 for the initial coastal buoy tender replacement vessel. A contract was awarded to Marinette Marine last June for the lead ship with options for up to 13 additional vessels. The 1995 budget request includes $56,000,000 for three option vessels. What is status of the program? How far along is the contractor on the initial ship?

[The information follows:]

The project is still early in the design phase. Based on Marinette Marine's cost/schedule status reports, physical progress (of the overall design and construction effort) is about 5 percent complete, while the design is approximately 15 percent complete, based on the drawings submitted to the Coast Guard. The project remains on schedule for delivery of the lead ship in first quarter of fiscal year 1996.

Mr. Carr. According to the justification material, "Prior to the option award, vendor performance will be evaluated and extensive testing of the design will be completed." What are the estimated dates for evaluation and testing of the design of the design, both by the Coast Guard and an independent source? What is the estimated date for award of the first option?

[The information follows:]

Developmental test and evaluation (DT&E) is an ongoing process that began in August 1993 with the cutter performance prediction and seakeeping analysis and will encompass over 225 testing evolutions or analyses that will continue until after the vessel is delivered. The Coast Guard Project Resident Office observes and verifies the performance and results of DT&E activities. Examples of DT&E deliverables include:

Evaluation	Date submitted
Damage stability analysis	March 1993
Cutter performance prediction	September 1993
Mission critical equipment report	October 1993
Cutter seakeeping analysis	November 1993
Floodable length analysis	February 1994
Model test report	March 1994
Intact stability analysis	March 1994

The Coast Guard Research and Development Center, in the role of independent operational test and evaluation advisor (IOTEA), receives all DT&E reports, calculations and analyses and uses those data to conduct an independent operational assessment (IOA) concurrently with DT&E. IOA uses data from DT&E to predict the operational suitability and effectiveness of the WLM design.

The Coast Guard will base its low rate initial production (LRIP) request on successful completion of scheduled DT&E and a favorable IOA report expected in the fourth quarter of fiscal year 1994. We expect to award the first option LRIP for the WLM during the first quarter of fiscal year 1995.

DRAWINGS FOR COASTAL BUOY TENDER

Mr. CARR. How many drawings are estimated for the coastal buoy tender, both by the prime contractor and vendors?

[The information follows:]

The prime contractor has determined 340 drawings are required to build a WLM. the drawings are broken down as follows:

Drawing type:	*Total*
Structural	89
Piping	94
Machinery	11
Outfitting	29
Electrical and electronic	88
Heating, ventilation and A/C	18
Naval Architecture	11
Total	340

Some of these drawings will be vendor drawings. Additional vendor drawings may be submitted beyond those included in the 340 drawings. The contract does not specify a number nor require the contractor to forecast the number of vendor drawings.

Mr. CARR. How many of the drawings have been completed to date?

[The information follows:]

As of March 24, 1994, 56 of the 340 drawings that will be prepared for the coastal buoy tender have been submitted to the Coast Guard.

COASTAL BUOY TENDER PROJECT

Mr. CARR. For this program, how does the Coast Guard define low-rate initial production and full-rate production?

[The information follows:]

For the coastal buoy tender project, low-rate initial production (LRIP) is defined as those ships awarded during the first option window. Based on our 1995 budget request, LRIP would consist of three cutters following lead ship construction. LRIP is used to provide an initial production base for the vendor to permit an orderly increase in the production rate leading to full-rate production. All operational testing and a final requirements analysis will be complete prior to commencing full production.

Mr. CARR. The Coast Guard's current planned buy of WLMs is one in 1993, three in 1995, five in 1996, four in 1997, and one in 1998. This appears to be a rather sharp ramp up to a peak of five for one year. Has the Coast Guard performed a cost-benefit analysis comparing its planned buy with a more gradual ramp up of two in 1995, three in 1996, and four in 1997 and 1998? How would such a production rate affect cost and schedule risk?

[The information follows:]

The Coast Guard did not examine the cost impacts of different production schedules prior to the request for proposal. However, the chosen strategy generated adequate competition, and yielded a design and construction contract significantly lower in cost than the government estimate for both the lead and option ships. Judging by these results, Coast Guard believes the acquisition strategy was very effective. The contract includes requirements wherein exactly five ships must be awarded in the second option (fiscal year 1996) and exactly four ships must be awarded in the third option (fiscal year 1997). Offerors generally praised this acquisition approach as demonstrating commitment to the acquisition and allowing for the realization of economies of scale and discounts in the construction of option ships. A more gradual ramp up would have led to higher costs for the option vessels. Modifying the existing contract to accommodate fewer vessels in those option years will necessitate a contract modification, again, leading to higher costs per vessel. In addition, moving vessels into the outyears delays operating expense savings that will be realized by replacing older WLM's, with faster, more capable WLM replacements.

Mr. CARR. What additional tooling and other separate costs does the program incur by ramping up to a level of five ships for one year only?

[The information follows:]

Awarding five option ships in one year does not incur any significant additional tooling or other separate costs because of the phased delivery schedule specified for option ships in the contract. The delivery date of the first option ship is 720 days after option award. Subsequent option ships for the same option period are due at 120 day intervals. This allows the contractor to space out the construction of each vessel in order to level the production line and maximize the use of special tools, thus avoiding additional tooling.

BUOY BOAT REPLACEMENT PROJECT

Mr. CARR. In October 1992, the Coast Guard awarded a contract to Maritime Contractors, Incorporated, for two preproduction buoy boat replacements. Was this contract awarded as a small business set-aside?

[The information follows:]

The buoy boat preproduction contract is not a small business set-aside, it is a small disadvantaged business concern, or 8(a), set aside. The requirements for an 8(a) set-aside are separate and distinct from a small business set-aside. Section 8(a) of the Small Business Act (15 U.S.C. 637(A)(1)) requires all federal agencies to use 8(a) firms whenever there is one or more in existence capable of performing the required work, providing the work can be completed for a fair and reasonable price.

Mr. CARR. Was MCI determined to be the only qualified small business by the Small Business Administration?

[The information follows:]

The Small Business Administration (SBA) did not determine whether MCI was capable of constructing the preproduction buoy boats. The SBA certifies vendors with the appropriate standard industrial classification and provides that information to government agencies. From the list of certified 8(a) vendors, the Coast Guard performed extensive site visits and determined that MCI was the only 8(a) vendor that had the capability to perform our specific requirements.

Mr. CARR. Doesn't the federal acquisition regulation require there to be at least two qualified small businesses in order to have a set-aside program?

[The information follows:]

The Small Business Act does require at least two qualified offerors for a small business set-aside. However, Section 8(a), the small disadvantaged business concerns section of the Small Business Act (15 U.S.C. 637(A)(1)), requires only that there be at least one capable of performing the required work, providing a fair and reasonable price is reached. The stern loading buoy boat (BUSL) preproduction contract was awarded on a small disadvantaged business concern—8(a)—basis, not as a small business set-aside.

Mr. CARR. In response to a question posed in the 1994 hearings, the Coast Guard indicated the 1995 budget plan for the buoy boat replacement program was $33,100,000 and the total program costs would be $39,850,000. The Coast Guard's quarterly acquisition report to Congress as of December 31, 1993, indicated a 1995 requirement of $14,000,000 and total program costs of $54,150,000. The fiscal year 1995 budget contains a request of $18,500,000 and indicates the total program costs have increased to $58,750,000. What accounts for the (1) whipsaw effect on the 1995 estimate, and, (2) the substantial (47 percent) increase in total program costs?

[The information follows:]

The most recent total cost estimate for the buoy boat program was developed in May 1993. This revised estimate is a range from $39 million to $54 million. It was first reported in the June 30, 1993 quarterly acquisition report and has been consistent since that time. The increase in the total program cost estimate resulted from including integrated logistics support, economic price adjustment, and a growth allowance.

The number of vessels requested in a given budget year are influenced by two factors; (1) the anticipated number of vessels a shipyard can economically produce in a given year, and (2) affordability constraints in relation to the overall Coast Guard budget. The planned 1995 request was reduced from 32 boats to 13 boats after reviewing the production capabilities of potential contractors and affordability constraints within the Coast Guard's AC&I budget. Coast Guard estimates that most vendors competing for the BUSL production contract will not be able to produce 32 boats in a given year. Likewise, the Coast Guard cannot afford that level of commitment in a constrained budget environment. The optimum resource mix of 13 boats in 1995 represents an economical production number for most shipyards that will make proposals, and relieves outyear pressure on the Coast Guard's bow wave of unmet AC&I requirements.

The 1995 budget sheet contains an error in the line titled—"Estimated future cost next 4 years—This Project". It should read "$29,600" vice "34,100". The $4.5 million increase in funds requested was not properly deducted from the original $34.1 million outyear estimate.

Mr. CARR. What are the major findings of the design review held in November?

[The information follows:]

The major findings of the November 1993 stern loading buoy boat design review are: the detailed design is essentially complete, there are no major outstanding design issues, and all performance requirements appear attainable.

Mr. CARR. According to the quarterly acquisition report the schedule risk for this program is high. The contractor needs to resolve design integration and start-up difficulties. Please elaborate on the specifics of the contractor's difficulties. How far behind the scheduled delivery date of July 15, 1994, for the first boat is the contractor?

[The information follows:]

In the early stages of the detailed design, subsystems were independently designed without a clear picture of the impact on other subsystems or on the design as a whole. This problem was clearly evident in terms of excessive system and structural weight estimates. Once the design integration problem was recognized, the contractor took corrective measures and remedied the situation. The contractor formally states that he is seven days behind the July 15, 1994 delivery date, but the Coast Guard estimates a three to four week slip is more probable.

Mr. CARR. What about the second craft? The scheduled delivery date is September 15, 1994. What is your estimate of when it will be delivered?

[The information follows:]

The contractor formally states a five-day delay, but at this point we believe the second stern loading buoy boat delivery will experience the same delay as the lead boat—about three to four weeks.

Mr. CARR. What were the results or action items of the boat production progress conference scheduled for the first quarter of the year?

[The information follows:]

At the boat production progress conference the contractor reported that the construction is on schedule, the weight trend is satisfactory, and there are no major technical issues pending.

Mr. CARR. How confident are you that when delivered, the first two boats will satisfy performance standards?

[The information follows:]

We are very confident that the preproduction boats will meet performance requirements. To ensure feasibility in the stern loading buoy boat contract design, we performed numerous analyses of hull form and powering, stability, weight, structure, and buoy handling. More analyses were required of the contractor during detailed design. Throughout the detailed design process, we have worked closely with the contractor to resolve any design problems encountered. Through our Project Resident Office, we have carefully monitored the detailed design and construction of the boats. Construction has not been allowed to proceed until associated design drawings are approved.

Mr. CARR. According to the quarterly acquisition report Marine Contractors, Incorporated, does not have proven boat-building experience. Has MCI ever built a complete boat?

[The information follows:]

The stern loading buoy boat preproduction contract represents MCI's first complete boatbuilding effort. However, MCI has completed related projects, including a Navy target barge with propulsion and auxiliary systems, Navy fendering barges with auxiliary systems, and a Navy multi-purpose barge with a catamaran-type hull form. MCI has done extensive ship repair for numerous government agencies, including the Coast Guard, with excellent results.

Mr. CARR. Given the high risk in cost and schedule, as assessed by the Coast Guard itself, what is the compelling reason to rush into a buy of 13 buoy boats in fiscal year 1995?

[The information follows:]

Several factors were considered in developing the 1995 request for 13 buoy boats. First, the existing buoy boat fleet is rapidly deteriorating and needs replacement. Since the mid 1980's, we have been forced to take 12 boats out of service—7 in the last 4 years, without replacement. Secondly, through market surveys we have determined that the economic production quantity for most boatyards likely to offer proposals is 10–15 boats per year. Third, a 13 boat procurement in fiscal year 1995 helps to relieve outyear pressure in unmet capital requirements as indicated in the fiscal year 1995 capital investment plan.

The cost and schedule risks in the quarterly acquisition reports pertain to the inherent risk associated with a preproduction Small Business Act 8(a) contract. However, quality on the lead boat has been good to date, and it is expected that the construction will be completed in time for testing and a fiscal year 1995 production contract award. Cost and schedule risk will be reevaluated for full production when the contract is awarded.

POLAR ICEBREAKER REPLACEMENT FOLLOW-ON

Mr. CARR. Included in the fiscal year 1995 budget request is $10,400,000 for costs associated with the polar icebreaker not covered by the shipbuilding and conversion account of the Navy. The Coast Guard's funding responsibilities include long lead time spare parts, vessel training and certain administrative costs.

As far as you know, is the Navy on schedule with the polar icebreaker program?

[The information follows:]

Yes, the Navy is on schedule for planned delivery of the polar icebreaker in fiscal year 1998.

Mr. CARR. How many personnel does the Coast Guard have resident at the shipyard?

[The information follows:]

The Coast Guard currently has 16 persons resident at the shipyard functioning as an integral part of the Navy's Supervisor of Shipbuilding, New Orleans (SUPSHIP NOLA) organization. SUPSHIP NOLA is responsible for administering the contract for detail design and construction of the icebreaker. During the 1994 personnel transfer season, the number of Coast Guard personnel resident at the shipyard will increase to 19.

Mr. CARR. Under the current schedule, the polar icebreaker will not be delivered until fiscal year 1998. The Coast Guard has received appropriations of $3,700,000 in fiscal year 1994 and $8,500,000 in 1993 in addition to smaller amounts in earlier years for its costs associated with the program. What are the descriptions and costs of the longest lead time articles for the polar icebreaker?

[The information follows:]

The longest lead time articles to be purchased with Coast Guard AC&I funds are expected to be components of the 30,000 horsepower cycloconverter controlled diesel-electric propulsion system. We anticipate requiring over $10 million for all inventory control point spares for this project.

Overall, the longest lead time items are shore based spares purchased with DOD Shipbuilding and Conversion, Navy (SCN) funds and include:

Propulsion shafting and couplings;
Propeller set (port and starboard);
Maneuvering thruster components;
Rudder and stock assembly.

Approximately $8 million is budgeted in the SCN account for these and all other icebreaker shore based spares.

Mr. CARR. Provide additional detail for each element of the budget request listed on page 98 of the justification material.

[The information follows:]

The elements of the fiscal year 1995 justification material with additional detail are as follows:

Project staff support and Program Representative's Office (PMRO) administration—funds required for travel, staff training, and administrative services. $300,000

Inventory control point spares—These are spare and repair system stock for equipment newly introduced into the federal supply system. The largest items are spare components for the cycloconverter controlled diesel-electric propulsion system. Law and regulation preclude using DOD Shipbuilding and Conversion, Navy (SCN) funds for ICP stock. $4,600,000

Initial training materials—A shipbuilding contract option item that will expire if not executed in fiscal year 1995. Item provides training material, course curriculum development, etc., which must be developed concurrent with shipboard equipment and prior to commencement of actual training of pre-commissioning crew. This also includes training aids, devices, and training evaluation and analysis. Law and regulation preclude using DOD Shipbuilding and Conversion, Navy funds for crew training material. $2,500,000

Technical support services—Task orders to be issued on existing contracts for technical support of contract administration in areas including: hull and structural design analysis, mechanical and electrical design analysis, specification maintenance; logistics review and verification (including technical manuals, operating and maintenance documentation, crewing studies, etc.), independent verification and validation of operational software, production planning and progress review, and onsite contract administration support. $3,000,000

Coast Guard expects to obligate the entire fiscal year 1995 $10.4 million request in fiscal year 1995.

Mr. CARR. Is the Coast Guard utilizing just-in-time inventory control procedures on the polar icebreaker project as a means of minimizing costs? Provide some specific examples.

[The information follows:]

In addition to the responsibility for acquiring the polar icebreaker, the Navy has responsibility for coordinating and staging government furnished equipment (GFE) for delivery to the shipbuilder to meet construction schedules. GFE is funded by DOD Ship Conversion, Navy.

Some items of GFE are procured by Navy systems managers in large lots for installation as ships are built. For other GFE, just-in-time inventory control is being used. Some specific examples include: Naval Modular Automated Communications System Model II; AN/UMP–155, Radar Set; Stabilized Glide Slope Indicator; AN/WSC–3(V)7, UHF AM Transceiver; AN/WSC–3(V)17, UHF SATCOM Transceiver; and AN/USC–122(V)1, Communications Modem.

Just-in-time inventory control procedures are not as beneficial to polar icebreakers due to the nature, duration and environment of their operations as for other Coast Guard cutters that deploy for shorter durations. However, we are able to take advantage of other cost saving inventory procedures, such as provisioned item orders (PIO). PIOs allow us to combine procurement orders for spares with the shipbuilder's purchases, thus realizing the economic ordering quantity savings and reducing administrative costs associated with numerous separate government procurements.

Mr. CARR. For the record, provide a list of all firms that have received contracts of $250,000 or more from the Coast Guard for training or technical support services for the polar icebreaker program. Indicate if any such contracts were awarded on a basis other than full and open competition.

[The information follows:]

No contracts have been awarded by the Coast Guard for training or technical support services for the icebreaker. The Navy is responsible for the icebreaker acquisition and administration of the contract. The Navy has a number of existing, multiyear contracts for technical support services independent of specific ship type. Coast Guard AC&I funds have been used for these services through transfer to the Navy.

COASTAL PATROL BOAT

Mr. CARR. The 1995 budget request reflects $10,000,000 for the procurement of the first 82-foot coastal patrol boat replacement. How many patrol boats do you intend to replace over the life of this program and what is the total cost?

[The information follows:]

The Coast Guard anticipates replacing the current 41 vessel fleet of 82-foot Patrol Boats with 31 coastal patrol boats at a projected cost between $150 million-$230 million. The contract will have the flexibility to procure from 30 to 50 boats. Final fleet requirements will be determined at key decision point (KDP) 4 in fiscal year 1980 prior to full production.

Mr. CARR. A combined key decision point 2 and 3 was held for this project in December 1993, paving the way for full-scale development and lead ship production. Your current schedule calls for the request for proposals to be issued the end of May 1994, with contract award slated for June 30, 1995; is that correct?

[The information follows:]

Yes, we intend to issue the request for proposals (RFP) in May 1994. Based on past experience with similar procurements, the RFP will allow bidders 120 days to develop their proposals, and we will allow 9 months to evaluate proposals. We expect to award the contract by June 1995.

Mr. CARR. According to the latest quarterly acquisition report, the schedule risk for this effort is considered to be medium. What are the factors that are of most concern to you? Which ones do you see as the most likely to result in schedule slippage?

[The information follows:]

Schedule risk is considered moderate based primarily on normal concerns associated with awarding a new contract, the possibility of protest by unsuccessful vendors, and risks inherent in the design and construction of a lead ship.

Mr. CARR. Given the risk assessment of medium, what do you think is the probability that the June 30, 1995, contract award date will be achieved?

[The information follows:]

The probability of contract award June 30, 1995 is high. We plan to release the RFP on May 31, 1994 with industry proposals due 120 days later. Nine months are allotted for evaluation of proposals and contract award. This schedule should allow more than sufficient time for contract award based on past experience with similar procurements.

USE OF PARENT CRAFT ACQUISITIONS

Mr. CARR. For what other acquisition programs has the Coast Guard employed a parent craft and combined key decision points 2 and 3 approach?

[The information follows:]

The coastal buoy tender (WLM) replacement program also used a parent craft approach and combined key decision points 2 and 3. Combining key decision points is possible because the objectives of the demonstration validation phase (DEMVAL) have been met. DEMVAL is conducted to verify that chosen concepts are sound, can produce a ship with the capability to perform in the intended operational environment, and usually involve some form of prototyping or modeling. The parent craft approach streamlines the acquisition process because it is normally a proven, commercially available, mature design that fulfills the proof of concepts requirements.

Mr. CARR. Does the quarterly acquisition report dated December 31, 1993, fully reflect the impact of the Transportation System Acquisition Review Committee action on key decision points 2 and 3 that occurred on December 28, 1993? In other words, does the TSARC decision affect either cost or schedule risk in the program?

[The information follows:]

Yes, the cost and schedule information in the quarterly acquisition report of December 31, 1993 reflects the Transportation System Acquisition Review Council decision on December 28, 1993. This decision does not affect either the cost or schedule risk in the program.

Mr. CARR. The first buy under low-rate initial production for the 82-foot coastal patrol boat will not occur until fiscal year 1997. Does the Coast Guard plan to have options in the development and lead ship contract to be awarded in June 1995, or will you recompete the program in 1997?

[The information follows:]

We intend to award a single contract, with options, that will include the lead ship, low rate initial production and full production vessels.

NORWEGIAN CREW SEARCH AND RESCUE BOAT

Mr. CARR. A new item appearing in the acquisition, construction and improvements account in 1995 is the Norwegian crew search and rescue boat program, for which $2,000,000 is requested. What are the major findings of the 17-month long evaluation done of the Norwegian crewing (NORCREW) concept?

[The information follows:]

The formal NORCREW evaluation concluded at the end of September 1993 and the preliminary evaluation report was delivered to Coast Guard headquarters at the end of November 1993. After an initial review it was returned for further development and validation of the cost-benefit analysis. It appears the concept is suitable for areas which satisfy the following criteria: (1) low workload, (2) commercial marina available, (3) commercial maintenance available, (4) close to parent unit, (5) existing shore facilities in need of major repair or replacement, (6) no requirement for heavy weather (self righting) boat capability.

Mr. CARR. Do any Coast Guard organizations or military departments around the world currently use the NORCREW concept?

[The information follows:]

To the Coast Guard's knowledge, no government agencies use the NORCREW concept. However, the Norwegian Society for Sea Rescue (NSSR), a non-military, non-government, volunteer agency, uses this concept. Rather than providing government owned facilities for maintenance and administration, NSSR boats are moored at commercial marinas and maintained by commercial service companies.

Mr. CARR. Did the evaluation include a cost-benefit analysis of the effect of replacing small boats and their shore stations with NORCREW vessels and local contractor maintenance?

[The information follows:]

Our evaluation focused on the operations and maintenance aspects of the concept. The report included a limited cost-benefit analysis. The report has been returned to the evaluation group for further development and validation of the cost-benefit analysis.

Mr. CARR. How many existing designs are there in the world of NORCREW craft?

[The information follows:]

Only two operational designs exist, ours and the Norwegian Society for Sea Rescue (NSSR). The boats are a unique combination of operational capability, habitability, and durability. Our NORCREW evaluation focused on the feasibility of the operational concept, not the boat. The vessel we used is a modification of an existing commercial design. If the concept is expanded, future boats will be selected to match our mission requirements.

Mr. CARR. Has the Coast Guard done a thorough evaluation of the existing designs and their applicability for the Coast Guard?

[The information follows:]

The Coast Guard has not evaluated the design of other potential boats. Lessons learned during the initial evaluation of the NORCREW concept boat are documented in the USCG R&D Center Technical Evaluation Report CG–D–20–93. These lessons learned will be considered in the design and development of any future NORCREW boats.

Mr. CARR. The budget request includes $100,000 for design costs. What exactly does this represent? Under the Coast Guard's current plan, what organization will do the design work? Does the $100,000 represent the entire design cost for the program?

[The information follows:]

This cost is an estimate for modifying an existing design to meet our mission requirements.

The lessons learned in the evaluation of the concept NORCREW boat, as documented in the USCG R&D Center Technical Evaluation Report CG–D–20–93, will be used to make improvements to future NORCREW boats. The procurement strategy for two additional concept boats in fiscal year 1995 would again use the shelf hull designs modified to meet our mission requirements.

The $100,000 represent the cost to modify an existing design for the 1995 acquisition, only. At this time, we do not know who will do the design work.

Mr. CARR. The budget also includes $200,000 to "close stations, move support facilities, dispose of property and transfer personnel." What is the amount of offsetting savings assumed in the operating expenses account reflecting lesser maintenance costs?

[The information follows:]

The full offsetting savings in the operating expenses account have not yet been determined. The NORCREW report has been returned to the study group for further development of the cost information. However, the primary savings realized from implementation of the NORCREW concept would be associated with personnel reductions and would depend on the size of the unit replaced. The NORCREW evaluation, which was staffed with 12 personnel, was carried out by replacing a station with a personnel complement of 19.

Mr. CARR. Is there a net savings in personnel expenses using the NORCREW approach?

[The information follows:]

Yes, in the evaluation project savings were realized however, the amount of personnel savings realized from NORCREW would depend on the size of the unit replaced. The NORCREW evaluation was carried out by replacing a station with a personnel complement of 19. Preliminary indications are that the personnel complement for NORCREW units would be 12 billets, 10 on the boat and two at the parent command; in this case saving seven from the original unit complement of 19. It should be noted that these personnel savings would be at the lower ranks—the average billet saving would be at the E–3 paygrade, about $28K per billet. Follow-on operating expense (OE) savings as a result of the fiscal year 1995 AC&I NORCREW acquisition request will be reflected in out year OE budgets as the boats are delivered. Specific stations to be implemented by NORCREW are still under evaluation.

Mr. CARR. What is the lead time anticipated for delivery of the first NORCREW vessel?

[The information follows:]

We anticipate it will take approximately nine months after contract award for delivery of the two boasts. This is based on our experience with the NORCREW boat we currently operate. We plan to award a contract in early fiscal year 1995.

Mr. CARR. The budget indicates outyear costs of $11,350,000 associated with the NORCREW boat program. How many additional boats would this buy? Does this reflect the entire acquisition approach for the program, or are there additional outyear costs not reflected?

[The information follows:]

This would buy approximately seven additional NORCREW boats, bringing the total NORCREW boat fleet to 10. The number of boats is based on a preliminary estimate of the number of locations where the NORCREW concept could be suitable and is subject to further evaluation of our search and rescue system network.

SELF-PROPELLED BARGE PROCUREMENT

Mr. CARR. The AC&I budget includes $2,500,000 to procure self-propelled barges to replace 45-foot buoy boats currently servicing aids to navigation on rivers in Alabama, Florida, and Georgia.

What is peculiar about aids-to-navigation work on rivers in Alabama, Florida, and Georgia requires separate equipment?

[The information follows:]

In the riverine environment, buoys are positioned to best mark the deepest available water (as opposed to a specified latitude/longitude position) and are frequently moved to accommodate changing water levels. Fixed aids are often place on or near the river bank and require regular trimming of the surrounding foliage. A stern loading boat does not provide the ability to move in close to shore to facilitate servicing the aid, to load and move equipment ashore, or to recover aids stranded in shallow water. The riverine environment also requires more frequent extended deployments than in a typical buoy boat area of operations. Servicing platforms in these areas steam long distances for long periods of time without access to shore-side facilities for resupply or reloading, and must either carry everything, they need or push into the river bank to load supplies. A self-propelled barge best meets the operational requirements for this environment.

Mr. CARR. The justification material for the self-propelled barge is somewhat confusing. Reference is made that "The Coast Guard is acquiring a 49-foot stern loading buoy boat (BUSL) to replace the 45-foot buoy boat as a class." The narrative then proceeds to detail why the 49-footer will not accomplish the mission. If that is the case, why is the Coast Guard acquiring the 49-footer?

[The information follows:]

The 49-foot BUSL was developed to replace two classes of boats, the 46-foot BUSL and the 45-foot buoy boat (BU), including the five 45-foot BUs in the Eighth Coast Guard District. Early on, it was recognized that a 49-foot stern-loading buoy boat would not be the most appropriate buoy tending platform in the riverine environment of the Eighth District. The self propelled barge design is much more suitable for this relatively unique riverine environment, which represents a small portion of the operational areas requiring replacement platforms.

Stern-loading buoy boats have successfully operated in all of the other environments in which the 49-foot BUSL will be placed. The 49-foot BUSL remains the best overall choice to replace the aging 46-foot BUSLs and 45-foot BUs and to maximize fleet standardization and logistic support efficiencies.

Mr. CARR. How many self-propelled barges does the Coast Guard hope to procure with the $2,500,000 requested?

[The information follows:]

The government cost estimate indicates that three off-the-shelf self propelled barges could be purchased for $2.5 million, including the administrative costs for a non-major acquisition.

Mr. CARR. Does the Coast Guard intend to purchase commercially available self-propelled barges?

[The information follows:]

Yes, an initial market survey indicates that there are commercially available barges which will meet our requirements. The Coast Guard intends to follow a commercial off-the-shelf procurement strategy.

210-FOOT MEDIUM ENDURANCE CUTTER

Mr. CARR. Funding is again included in the budget for the 210-foot medium endurance cutter major maintenance availability program. The amount requested is $25,000,000. According to the justifications, the outyear cost in fiscal years 1996 through 1997 to complete the program is $14,500,000. Information supplied last year indicated that $34,500,000 needed in 1995 would be the last funding for the program. Why has the program been stretched out past 1995 in the current budget submission?

[The information follows:]

The current fiscal year 1995 budget submission represents a shift from requesting all of the remaining funds in 1995, to requesting the remaining funds in fiscal years 1995 and 1996. The fiscal year 1995 AC&I budget request for the 210-foot medium endurance cutter major maintenance availability (MMA) program includes only those funds absolutely required during 1995. The MMA production work remains on schedule.

Mr. CARR. Is it accurate that the program extension increases total program costs by $5,000,000?

[The information follows:]

No, we have experienced a $5,000,000 increase in the total program cost; however, this increase is not the result of a program extension. The $5,000,000 increase to total program costs resulted from the following:

[In millions of dollars]

Environmental costs [1]	$3.1
Colonna's design closeout settlement	.8
Colonna's public law settlement	1.1
Total increase	5.0

[1] Environmental costs include the removal, disposal, and associated work sequence adjustments related to lead based primer paint.

The environmental costs were a result of sandblasting CGC VIGOROUS in late July 1991 when it was discovered that the interior bulkheads of the ship were coated with a lead-based primer. This prompted a review of the Occupational Safety and Health Administration (OSHA) and Clean Air Act standards by the Coast Guard Yard safety and health inspectors, resulting in the discovery of more rigorous standards for the removal, disposal, and handling of lead-based primer paint. This discovery, ultimately, led to an increased project cost.

Colonna's Shipyard, Inc., of Norfolk, VA, was the prime contractor for the 210′ Medium Endurance Cutter (WMEC) midlife maintenance availability (MMA) on DURABLE (B–1) and COURAGEOUS (B–2) from approximately October 1986 to March 1990, when Courageous was delivered. The U.S. Navy Supervisor of Shipbuilding, Conversion, and Repair of Ships (USN SUPSHIPS) Portsmouth administered the contract for the Coast Guard under an interagency agreement. Termination for convenience proceedings were initiated in January 1990 and approved by the Bankruptcy Court in February 1991. Colonna's public law claim for extraordinary relief was settled in July 1991 for $2.0 million (M), ($1.1M was paid from MMA funds while $.9M was paid from a lapsed appropriation). However, the public law claim specifically excluded line items for design deliverables such as computer assisted design and hard copy drawings. A negotiated settlement for approximately $.8 million was effective in December 1992, effectively closing all dealings with Colonna's shipyard.

POLAR CLASS ICEBREAKER RELIABILITY IMPROVEMENT PROJECT

Mr. CARR. After receiving no appropriation in fiscal year 1994, the polar class icebreaker reliability improvement project is budgeted for $11,600,000 in fiscal year 1995. Additional appropriations of $32,700,000 are indicated for the four succeeding years.

As of September 30, 1993, the unobligated balance in this program was $16,731,358, representing the vast majority of the appropriations provided during the past few years. Subsequently, the 1994 Transportation and Related Agencies Appropriations Act reduced that balance by $4,700,000. What is the amount of the current unobligated balance?

[The information follows:]

As of March 1994, the unobligated balance in the polar icebreaker reliability improvement project was $9,190,452.

Mr. CARR. Why is the polar class icebreaker reliability improvement project having such difficulty obligating the funds made available?

[The information follows:]

At the beginning of the reliability improvement project, we experienced delays in filling project billets and awarding architectural and engineering (A & E) contracts. This created the early carryover balances. All project billets have now been filled, A & E contracts have been awarded and we are working to regain original project schedule in fiscal year 1994.

Mr. CARR. What is the obligation plan for this project for the next two years?

[The information follows:]

Our icebreaker reliability improvement project (RIP) spending plan is based on both project commitments (contract solicitations) and obligations (contract awards). Existing transportation acquisition regulations require us to have appropriated funds available prior to soliciting for contract bids.

RIP has a present balance of $9.2 million. During the remainder of fiscal year 1994, we plan on obligating $4.1 million of this amount and committing the remaining $5.1 million for obligation in early FY95.

In fiscal year 1995 (FY95) we plan to obligate $12.9 million and commit $3.7 million. This is $5.1 million from 1994 commitments and $7.9 million of the $11.6 million requested in 1995.

In fiscal year 1996, we plan to request $12.1 million. We plan to obligate $14.8 million including $3.7 million committed in 1995. This will result in a carry over balance at the end of 1996 of $1 million to be obligated in fiscal year 1997.

The following table illustrates the obligation plan.

[In millions of dollars]

	Fiscal year—		
	1994	1995	1996
Unobligated balance/carry over from prior year	$9.2	$5.1	$3.7
Funds budgeted/planned request	…………	11.6	12.1
Funds available	9.2	16.6	15.8
Obligations planned	4.1	12.9	14.8
Commitments planned	5.1	3.7	1.0

Mr. CARR. Given the large unobligated balance currently in the project, what is the compelling reason to provide an additional $11,600,000 in 1995?

[The information follows:]

We require the additional $11,600,000 to avoid disruption to the procurement process and keep the project on schedule. As of March 1994, the unobligated balance for RIP was $9,190,452, of which $4.1 million will be obligated in fiscal year 1994 and the remainder will be obligated in fiscal year 1995.

Our icebreaker reliability improvement project (RIP) spending plan is based on project commitments (contract solicitations) and obligations (contract awards). As RIP accelerates the committed balance, from year to year, will be drawn down. We expect to negotiate several major RIP procurements in 1995. Included are modifications to the controllable pitch propeller system, the main diesel engines, the heeling system and the purchase of loadout spares for new equipment purchased for the first availability. A total of $7.9 million of $11.6 million request will be obligated in 1995, with $3.7 million carried over to 1996. However, this $3.7 million will be committed to contracts under solicitation.

We strive to minimize funds carryover resulting from unobligated or uncommitted funds. However, the Department of Transportation Acquisition Regulations (TAR), which govern our contracting procedures, states that "except in unusual circumstances, the contracting office will not issue solicitations until an approved procurement request, containing a certification that funds are available, has been received." The regulations necessitate our request for RIP funds prior to solicitation of proposals from contractors. Part of the rationale for the TAR requirement is that agencies run the risk of contractors not bidding on solicitations when funds have not been appropriated. This can reduce competition, increase costs, and result in unnecessary delays in multi-year projects.

VESSEL TRAFFIC SERVICES (VTS) 2000

Mr. Carr. Last year, the Coast Guard requested $27,600,000 for the vessel traffic services (VTS) 2000 program. The Committee did not believe the schedule presented by the Coast Guard was realistic or attainable and recommended only $6,600,000. Conference with the Senate resulted in an appropriation of $12,600,000 for 1994, a level the Coast Guard agreed was all that could be used.

The fiscal year 1995 budget request for VTS 2000 is $32,000,000, including $3,500,000 for remote site acquisition and construction, and $23,000,000 for integration, software and equipment. Once again, however, it appears the Coast Guard has gotten ahead of itself. Based upon cost uncertainty and schedule slippage, the Coast Guard recently determined that it can only effectively use $5,000,000 for the program in 1995; is that correct?

[The information follows:]

Yes, that is correct. Due to the large scope and extreme complexity of building a national VTS system, we have made a significant effort to refine VTS 2000 operational requirements and the associated cost estimates. This review took much more time than expected. Moreover, experience gained from other complex information system projects also indicated that the vendor proposal evaluation process for this system will take much longer than originally estimated. These factors indicate that the first task order of $27 million on the system integrator contract will most likely be delayed until 1996, significantly reducing the VTS 2000 projects need for 1995 funds.

Mr. Carr. Explain the process by which the Coast Guard budgeted for $32,000,000 in February only to discover in March that $5,000,000 is the real need.

[The information follows:]

The fiscal year 1995 vessel traffic service (VTS) 2000 budget request was based on the expectation that the system integration contract (phase II down select) would be awarded in late 1995. The Coast Guard completed a detailed review that refined VTS 2000 requirements and cost estimates shortly after the budget request was submitted. This review, which took longer than expected, and experience gained from other complex information projects indicated that the schedule didn't allow sufficient time for the vendor evaluation process. These factors slipped the probable integrator contract award date from 1995 to 1996 substantially reducing the VTS projects need for 1995 funds.

Mr. Carr. Are you satisfied with the management of this program, both within the Coast Guard and with the systems engineering work performed by the Mitre Corporation?

[The information follows:]

Yes, we are satisfied with the project administration thus far. Others have also been pleased with how we have managed this very complex project. For example, the acquisition plan is being used as a model by The Department of Transportation (DOT); VTS 2000 is the first major acquisition in USCG or DOT to receive delegated procurement authority (DPA) under the General Services Administration's (GSA) Trail Boss Program (an acquisition streamlining/improvement initiative). Granting the DPA under these circumstances is a reflection of GSA's confidence in the personal abilities of the project manager to effectively manage the acquisition.

The Coast Guard is also pleased with the support services provided by the Mitre Corporation. Their technical and contracting expertise for large computer systems and software development is not available within the Coast Guard and has accelerated the planning phases of the project.

VTS 2000 COST ESTIMATES

Mr. Carr. The previous cost estimate for the VTS 2000 program had been $210,000,000. The revised estimate is a range of

$260,000,000 to $310,000,000. What are the primary reasons for this significant increase?

[The information follows:]

The cost increase is due to the need for additional system hardware requirements, additional remote sites, and higher expected software costs. The cost estimate has changed based on more detailed analysis. The original estimate of $210 million was based upon very preliminary estimates developed in the Port Needs Study in 1991.

The updated government estimate used a more rigorous methodology consistent with this stage of a major acquisition. The estimate was derived from a detailed port-by-port study using actual component and software development costs incurred during the VTS New York upgrade. Software development cost estimates were refined using the Price-S parametric model.

Mr. CARR. Explain the different assumptions inherent in the low estimate and the high estimate.

[The information follows:]

The variation is attributed to the range of software cost estimates. The Price-S model was used to generate the cost estimates for the software development effort. Major parameters which affect cost are the number of source lines of code and the portion of the end code which is reused at successive VTS sites. The total lines of code was based on the VTC upgrade project. The fraction of reused code was estimated based on best engineering judgment. The following table summarizes the VTS assumptions:

	Low	High
Source Lines of Code	557,500	669,000
Percent Reused	80	20

Mr. CARR. The new schedule reflects a delay in award of the systems integration contract and of initial operational capability of more than one year. Explain the reasons why and the operational impact on the ports awaiting the VTS 2000 system.

[The information follows:]

The project schedule slipped primarily due to time required to resolve cost and contracting issues.

Accurate cost information is required prior to moving forward in the A–109 process. Cost estimate refinement took much longer than anticipated, and spanned May 1993 to March 1994.

Also, recent experience with the evaluation of complex information management technical proposals showed that our schedule did not allow sufficient time for this part of the process. Moreover, we now expect a higher number of proposals due to the vendor's strong interest in the project, and more time will be needed for proposal review and evaluation. Delays in the initial operating capability at the first ports directly corresponds with the delay in contract award.

Ports that currently do not have a VTS installed will be without the safety and efficiency benefits afforded by a VTS for at least one year beyond the originally planned operational date. Those ports with existing VTS installations will also be required to operate with their current, non-standard components, for one additional year.

VTS—PERSONNEL ASSIGNED

Mr. CARR. How many Coast Guard personnel currently are assigned to existing VTS operations? How many will be required for the fully operational VTS 2000 system?

[The information follows:]

There are 200 operational military billets/civilian positions currently assigned to the VTS program. These billets/positions are detailed to seven units. The number of billets that would be needed to staff all 17 units identified in the Port Needs Study as positive, sensitive, or existing, is between 465–480, an increase of 259–274 billets/positions.

The Coast Guard also provides 6 billets on a reimbursable basis to assist the marine exchange of Los Angeles-Long Beach in their vessel traffic information service. Coast Guard Reservists also operate a vessel management system in Louisville, Kentucky, during high water conditions on the Ohio River. Four civilian positions are used to operate traffic control lights in New Orleans, during high water conditions on the Mississippi River.

Mr. CARR. Given the downward trend in Coast Guard personnel levels, do you think you will have the resources and people necessary to staff the full system?

[The information follows:]

As the Coast Guard acquires new vessel traffic services (VTS) under the VTS 2000 project, we will require additional personnel resources to operate those systems as authorized by Congress. We continue to manage the project to ensure compliance with federal acquisition regulations and affordability. We intend to request the resources necessary to operate and maintain the system through the budgetary process.

Mr. CARR. Even with the new schedule, is it accurate to describe the cost and schedule risk of the VTS 2000 program as high?

[The information follows:]

Yes, it is accurate to describe the cost and schedule risk as high.

Cost estimates are based on the VTC upgrade project and parametric modeling. Software development costs remain high risk, as it is still very early in the project, and estimates are based on very preliminary information.

The greatest schedule risk is associated with software development and remote site acquisition, which may be affected by local environmental concerns. Moreover, protests, which are prevalent in major information resources management acquisitions, could cause an additional project delay.

Mr. CARR. What are the pacing factors that contribute to the high level of risk in the program?

[The information follows:]

A number of pacing factors will affect the project during proposal evaluation and after contract award.

Factors during the proposal evaluation period which could cause delay include requests for extensions, technical clarifications and proposal deficiencies. Also, the information systems industry is highly competitive and protests by unsuccessful vendors are a very real probability.

We expect a large number (7 or 8) systems integration contractors to compete for selection for the first phase of the acquisition. The more contractors competing, the longer it will take to evaluate them.

While most of the software used in this project is intended to be commercial-off-the-shelf (COTS), or government-off-the-shelf (GOTS) reused software, a certain portion will be developmental in nature. Our experience has been that software development poses high cost and schedule risks. Use of COTS and GOTS also increases the integration risk.

Finally, remote site acquisition is time consuming. The time required to complete lease negotiations for remote site property and ensure compliance with federal, state and local environmental requirements is very difficult to predict accurately.

Mr. CARR. When will the Coast Guard contract for an independent validation and verification of the design of the VTS 2000 program, as discussed on page 950 of the 1994 hearing volume?

[The information follows:]

Release of the independent validation and verification request for proposal, is expected in the fourth quarter of fiscal year 1994, with contract award scheduled for the fourth quarter of fiscal year 1995.

Mr. CARR. Of the revised 1995 budget requirement of $5,000,000, how much is targeted for the systems engineering function performed by the Mitre Corporation?

[The information follows:]

The amount targeted for the systems engineering function is $3.5 million.

PORT NEEDS STUDY

Mr. CARR. For the record, provide the revised cost-benefit ratios for the ports listed in the 1991 Port Needs Study.

[The information follows:]

The Coast Guard is in the process of updating the cost-benefit ratios for the ports listed in the 1991 Port Needs Study. We will provide this information to the Commission via separate correspondence in May 1994.

VTS 2000—NEW ORLEANS

Mr. CARR. The fiscal year 1993 Appropriations Act included $9,000,000 for VTS 2000, including $3,000,000 for New Orleans. The New Orleans funding can not now be used; is that correct? What are the reasons for this? Can those funds now be used to offset other requirements?

[The information follows:]

That is correct, the New Orleans funding cannot be obligated under the current requirements before it expires at the end of fiscal year 1995.

In 1993, Congress specified that not less than $3,000,000 of the $9,000,000 appropriated for the VTS 2000 program be used to select radar and closed circuit television camera surveillance sites and to establish administrative and support facilities for VTS New Orleans. Only a minimal amount of funding can be used for the establishment of VTS New Orleans remote sites until fiscal year 1993. Early project efforts involve planning, designing, and obtaining environmental clearances and site leases.

With Congressional authority, the $3 million could be used to offset our 1995 request for VTS 2000.

VTS EQUIPMENT REPLACEMENT

Mr. CARR. The budget includes $3,000,000 for the VTS equipment replacement program. An additional $12,000,000 will be required for this effort during the next four years. Provide detail concerning what specific equipment will be procured in 1995 and where the equipment will be located. Provide similar detail for the $2,500,000 appropriated in 1992 and the $3,000,000 appropriated in 1994 for the program.

[The information follows:]

Project costs are shown in thousands ($K).

1995 equipment replacement projects

	Thousands
San Francisco:	
Replace remote site emergency generator	$50
Replace 3 environmental huts	75
Puget Sound:	
Replace 6 of 12 radars	1,200
Replace 6 environmental huts	150
Sault Ste Marie: Upgrade and expand surveillance	600
Houston/Galveston: Replace microwave radios, transceivers and antennas	800
Louisville: Replace Very High Frequency (VHF) radio/voice recorder	125
Total	3,000

1994 equipment replacement projects

	Thousands
Prince William Sound: Modify Naked Island power system, replace environmental hut, radio transceivers and microwave antennas	$820
Sault Ste Marie: Replace microwave transceivers, antennas, cameras, VHF–FM voice recorder, and VTC equipment	600

	Thousands
Berwick Bay: Replace VHF–FM voice recorder	30
Houston/Galveston: Replace Galveston radar	200
Puget Sound:	
Replace 3 of 12 radars	0
Replace 6 environmental huts	1,350
Total	3,000

1992 equipment replacement projects

	Thousands
Prince William Sound: Replace radar target data extractors	$1,206
Berwick Bay: Upgrade cameras	442
Puget Sound: Upgrade digital microwave	600
San Francisco: Recrystalize radios	2
Total	2,250

VTS UPGRADE AND EXPANSION PROJECT

Mr. CARR. As of September 30, 1993, the unobligated balance remaining from the 1993 appropriation for the VTS San Francisco Phase II project is $2,496,452 of the $2,500,000 made available. What are the reasons for this amount of funding remaining unobligated at this time? Have any serious problems or delays been encountered? What is the schedule for obligating the balance of the funding remaining for the San Francisco project?

[The information follows:]

Transfer of funding allocated to the Naval Air Warfare Center (NAWC), Patuxent River, in the amount of $1.925 million was delayed until October 1, 1993. Navy assessed at 4 percent surcharge on all funding received by NAWC in 1993. By delaying obligation of the funds, the Coast Guard averted an additional $77,000 in NAWC overhead charges.

The obligation schedule for the remaining funding is as follows

Fiscal year 1994	*Amount*
1st Quarter	$2,374,173
2nd Quarter	0
3rd Quarter	4,100
4th Quarter	118,179

SURVEY AND DESIGN OF VARIOUS SHORE PROJECTS

Mr. CARR. The funding profile for the survey and design of various shore projects has increased dramatically in the past few years, as the following table illustrates:

Fiscal year	*Amount*
1990	$3,290,000
1991	5,400,000
1992	8,050,000
1993	10,000,000
1994	12,300,000

The budget request for fiscal year 1995 is $10,000,000, representing the first decline in at least five years. By fiscal year, what is the unobligated balance in this activity?

[The information follows:]

Unobligated balances, as of 15 March 1994, are approximately:

Fiscal year	Budgeted amount	Unobligated balance
1990	$3,290,000	0
1991	5,400,000	$2,600
1992	8,050,000	0

Fiscal year	Budgeted amount	Unobligated balance
1993	10,000,000	0
1994	12,300,000	9,808,000

We plan to obligate the remaining 1994 funds prior to the end of the fiscal year.

Mr. CARR. In both 1994 and 1995, $1,000,000 is allocated to the master plan development. What is the status of the master plan? Who is preparing it and when will it be completed? How will future budget submissions relate to the master plan?

[The information follows:]

There is no single Coast Guard master plan. Each year, the funds will be used to produce individual shore facility master plans for several different shore units. Shore facility master plans are prepared by Maintenance and Logistics Commands (MLCs), civil engineering units (CEUs), and individual headquarters units. Because each master plan has a different start date, and each plan must address unique problems and situations, each master plan status is different. Generally each plan takes about one year to complete. An important product of the master plan process is the identification of shore facility deficiencies. Then planning proposals are prepared to analyze and recommend the most cost effective solution for the problems identified in the master plans. Approved planning proposal solutions to problems identified in the master planning processing then compete for inclusion in future budget submissions.

SHORE FACILITIES

Mr. CARR. For fiscal years 1993, 1994, and 1995, allocate the amounts appropriated and requested by individual facility. Please include such information in all future budget submissions for survey and design of shore projects.

[The information follows:]

Amounts allocated to individual facilities follow. Many 1994 and all 1995 figures are planning estimates and may change as project schedules and design costs are firmed up.

ACILITY	ACTUAL FY93	PLANNED FY94	PLANNED FY95
Academy New London, CT	$175,038	$266,000	$225,000
Air Station Barbers Point, HI			$197,000
Air Station Borinquen, PR	$313,067		
Air Station Brooklyn, NY	$222,733		
Air Station Cape Cod, MA		$164,000	
Air Station Kodiak, AK		$77,000	
Air Station Lakehurst, NJ Consolidation		$300,000	
Air Station Miami, FL	$868,604	$118,000	
Air Station Port Angeles, WA	$35,700	$129,000	
Air Station Savannah, GA	$54,055	$44,000	
Air Station Sitka, AK		$97,000	
Airfac Newport, OR Hangar	$120,000		
Atlantic Strike Team Facility Mobile, AL	$308,000		
Aviation Training Center Mobile, AL			$465,000
Base Honolulu, HI	$550,367	$662,000	$715,000
Base Mobile, AL		$52,000	
Base San Juan, PR	$27,094	$700,000	$438,000
Base South Portland, ME	$92,940	$108,000	
Communications Area Master Station, VA	$25,000		
Communications Station New Orleans, LA		$84,000	
Group Cape May, NJ	$326,579		
Group Corpus Christi, TX		$55,000	
Group Fort Macon, NC	$63,330	$78,000	
Group Hampton Roads, VA	$24,762	$213,000	
Group Humboldt Bay, CA		$168,000	
Group Long Island Sound, CT		$85,000	
Group Monterey, CA		$45,000	
Group North Bend, OR	$446,526	$291,000	
Group Port Angeles, WA		$65,000	$98,000
Group Sault Ste. Marie, MI		$260,000	$300,000
Group Southwest Harbor, ME		$50,000	
Highland Light Relocation		$280,000	
Homer, AK		$60,000	
LORAN Station Sandur, Iceland	$30,250		
Marine Safety Office San Francisco Bay		$98,000	$330,000
Marine Safety Office Tampa, FL	$153,617		
Master Plans- Various Facilities		$1,000,000	$1,000,000
Minor AC&I Designs- Various Facilities		$100,000	$260,000
Misc expenditures $20,000 or less- various facilities	$184,410	$262,000	$400,000
Natchez, MS Moorings	$86,966	$30,000	
Northern Pacific LORAN	$256,000	$225,000	
Owensboro, MS Moorings			$356,000
Petersburg, AK		$22,000	
Station Boothbay Harbor, ME	$93,504	$140,000	
Station Cape Disappointment, WA		$57,000	
Station Chetco River, OR	$41,660	$75,000	
Station Cleveland Harbor, OH	$270,806	$253,000	
Station Coos Bay, OR	$167,900		
Station Eatons Neck, NY		$50,000	

FACILITY	ACTUAL FY93	PLANNED FY94	PLANNED FY95
Station Freeport, TX		$76,000	
Station Grande Isle, LA			$176,00
Station Gray's Harbor, WA		$140,000	
Station Little Creek, VA	$445,184		
Station Oak Island, NC	$23,976		
Station Ocracoke, NC		$113,000	
Station Port Isabel, TX	$192,440		
Station Portage, MI	$254,871		$198,000
Station Rio Vista, CA		$53,000	
Station Sabine, TX	$140,639	$180,000	
Station Shinnecock, NY	$375,690	$25,000	
Station Tawas, MI		$82,000	
Station Washington Island, WI		$356,000	
Support Center Alameda, CA	$77,969	$128,000	$203,000
Support Center Elizabeth City, NC	$197,691	$742,000	$1,403,000
Support Center Kodiak, AK	$847,244	$1,308,000	$1,655,000
Support Center New York, NY	$120,256	$785,000	
Support Center Portsmouth, VA	$224,473	$226,000	$330,000
Support Center San Pedro, CA	$500,568	$170,000	
Support Center Seattle, WA	$1,537,180	$23,000	$435,000
Training Center Cape May, NJ	$37,490	$302,000	
raining Center Yorktown, VA			$98,000
odega Bay, CA Patrol Boat Support Facility		$30,000	
Yard Baltimore, MD	$85,421	$798,000	$718,00
TOTALS	$10,000,000	$12,300,000	$10,000,000

Mr. CARR. Generally, what is the time lag between a facility going through the survey and design phase and being budgeted for construction?

[The information follows:]

The preliminary work to accomplish the survey and design of shore facilities projects begins two and one-half years prior to the start of a project's planned budget year. This means we begin the survey and design for shore projects approximately six months before we begin building the budget for the fiscal year in which we intended to request construction funds for those projects. In order to minimize lag time, our goal is to complete a project's design work just prior to the fiscal year in which the construction funds are anticipated to be appropriated.

Mr. CARR. In the past five years, how many facilities have been designed but not budgeted for construction? Explain the reason for each such project or, if applicable, indicate the year in which appropriations will be requested for such projects.

[The information follows:]

The Coast Guard expends Survey and Design (S&D) funds on approved projects to examine appropriate alternatives, determine requirements, conceptually develop the projects, and complete designs of projects to ensure executability in the year in which funds are appropriated. The Coast Guard's policy is to request funding for projects only after they have reached at least the 10 percent conceptual design stage. Currently, we have 42 projects at the 10 percent designed stage or greater. Of these projects, 11 have been funded, and 31 are planned for budget request submission through fiscal year 1988.

The Coast Guard continues to validate the need for projects at all stages of the planning and design process. This means that some projects may be cancelled after entering the S&D funding stage for a variety of reasons. For instance, a shore unit's personnel allowance may be significantly downsized, negating the need for an unaccompanied personnel housing expansion project.

Designed projects are those which have reached the 100 percent designed stage. In the past five years, there have been no projects designed but not budgeted for construction, either through a Congressional funding request or reprogramming request. This includes Congressionally mandated projects budgeted for construction.

Mr. CARR. The justifications indicate that some of the funding provided for survey and design is used "for the purchase of real property to ensure availability for future construction." What amounts of funding have been used for this purpose in each of the last five years? Please indicate the location and if construction has occurred or is planned on each site purchased.

[The information follows:]

The following amounts of survey and design funding were used for property acquisition, options, and related acquisition expenses (title searches, appraisals, etc.) in each of the last five years:

Fiscal year	*Amount*
1989	$154,800
1990	396,000
1991	24,000
1992	196,500
1993	368,100

The table below shows the status of construction at each location.

Location	Construction Status
Support Center Elizabeth City, NC	Acquisition of aircraft safety clearzone; no construction required.
Station Chincoteague, VA	Construction complete.
Greenville, MS moorings	Construction complete.
Owensboro, MS moorings	Planned for 1997 budget.
Station Portage, MI	Planned for 1996 budget.
Station Little Creek, VA	Planned for 1994 construction.
Station Bellingham, WA	Planned for 1997 budget.

Location	Construction Status
Station St. Ignace, MI	Construction underway.
Petersburg, AK	Planned for 1994 construction.
Station Washington Island, WI	Planned for 1994 construction.

Mr. CARR. How is a determination made to purchase real property for possible future construction? Who is the deciding official? What thresholds, milestones, and/or criteria does a project have to meet before purchase of real property can occur?

[The information follows:]

A determination to purchase property for future construction is made after analyzing alternatives presented in internal planning documents. If the optimal alternative involves the purchase of real property, it must first be approved by the Coast Guard's Chief of Staff. Acquisitions costing $1.6 million or more require approval by the Office of the Secretary of Transportation (OST). Acquisitions costing less than $1.6 million require approval by the Coast Guard's Chief of Staff, but are also subject to OST approval if sufficient political, Secretarial or public interest in the real property exists.

A project must meet the following thresholds, milestones and/or criteria before purchase of real property can occur:

a. Project must be part of an approved planning proposal.

b. Review and approval of an environmental analysis/finding of no significant impact.

c. Pre-acquisition notification to the Office of the Secretary (OST), and OST review and approval of a site evaluation report.

d. Procurement of title evidence for compliance with Department of Justice standards and procedures.

e. Obtaining an approved appraisal.

f. Appropriation of funds.

g. Legal preparation of a preliminary and final opinion of title.

SURVEY AND DESIGN CONTRACTORS

Mr. CARR. For each of the last five fiscal years, list each contractor that has received more than $100,000 in survey and design funding.

[The information follows:]

The following contractors have received over $100,000 in Survey and Design funds in the fiscal years indicated:

FISCAL YEAR 1989

Hanbury Evans Newill and Vlattas, Norfolk, VA.
Ralph Hahn & Associated, W. Palm Beach, FL.
Waller Todd and Sadler Architects, Virginia Beach, VA.
Federman Const. Consultants, New York, NY.
Alonzo B. Reed, Inc., Boston, MA.
Forrest Coile Associates, Newport News, VA.
The CEGG Partnership, Virginia Beach, VA.
Krummell Jackson and Associates, Virginia Beach, VA.
Project Time and Cost, Inc., Atlanta, GA.
Sidney M. Johnson & Assoc., Union, NJ.
Edward J. Nichols & Assoc., Alexandria, VA.
Wolfberg Alvarez Assoc., Miami, FL.
C Nexsen, Own, Barbieri, & Gibson, Norfolk, VA.
Lin Associates, Inc., Boston, MA.
Alpha Design, Norfolk, VA.
Lopathka, Murdock, Jannah & Assoc., Winterpark, FL.
Stottler Stagg & Assoc., Orlando, FL.
VOA Associates, Orlando, FL.
Beck Powell & Parsons, Inc., Baltimore, MD.
Armour Cape & Pond, Atlanta, GA.
Design Alaska, Fairbanks, AK.
Harvey R. Dodd & Assoc., Seattle, WA.

C3 Management Group, Bellevue, WA.
Summit Technology, Seattle, WA.
John Graham Assoc., Seattle, WA
CADRE, Seattle, WA.
Wilsey & Ham Pac, Bellevue. WA.
Dames & Moore, Seattle, WA.
ORB Organization, Renton, WA.
Shannon & Wilson, Seattle, WA.
Johnson Engineering, Orinda, CA.

FISCAL YEAR 1990

Edward J. Nichols & Assoc., Alexandria, VA.
Miller Stephenson Assoc., Virginia Beach, VA.
Einhorn Yaffee Prescott Arch & Eng, Albany, NY.
Burkavage Design Assoc., Clarks Summit, PA.
J.W. Robinson & Asoc., Atlanta, GA.
Truex de Groot Collins Arch., Burlington, VT.
Harry Golemon Arch., Inc., Houston, TX.
The Newport Collaborative, Newport, RI.
Moffat & Nichol Engineers, Raleigh, NC.
Arquitectonica Internationa, Inc., Coral Gables, FL.
Piedmont Olsen, Inc., Greenville, SC.
Krummell & Assoc., Virginia Beach, VA.
Don Todd & Assoc., San Francisco, CA.
RL Binder aka Arch & Plan, San Francisco, CA.
RW Beck & Assoc., Seattle, WA.
Mandeville Berge Box, Seattle, WA.
Kumin Associates, Anchorage, AK.
CADD Pro Services, Seattle, WA.

FISCAL YEAR 1991

Han-Padron Assoc., New York, NY.
Greenhorn & O'Mara, Greenbelt, MD.
Waller Todd & Sadler, Virginia Beach, VA.
Delta Research Corp., Niceville, FL.
City Design Collaborative, Boston, MA.
Consulting & Research Service, Bryan, TX.
The Design Forum, Inc., W. Hartford, CT
Alpha Design Corp., Norfolk, VA.
Arquitectonica Internationa, Inc., Coral Gables, FL.
STV/Lyon Assoc., Baltimore, MD.
SCI Consulting Engineers, New York, NY.
Langley & McDonald, PC., Virginia Beach, VA.
Hanscomb Assoc., Alexandria, VA.
Steelye, Stevensen, Value & Knecht, New York, NY.
Shriver and Holland Assoc., Norfolk, VA.
William Tazwell & Assoc., Norfolk, VA.
Applegate Arch., New Bern, NC.
O'Kon & Company, Inc., Atlanta, GA.
Fleischmen-Garcia Arch., Tampa, FL.
Harrison and Spencer, Inc., Macon, GA.
Spillis Candella & Partners, Coral Gables, FL.
Dillingham Assoc., Berkley, CA.
USKH, Inc., Anchorage, AK.
Arctic Slope Consulting, Anchorage, AK.
Art Anderson Assoc., Bremerton, WA.
Mandeville Berge Box, Seattle, WA.
OTAK, Inc., Lake Oswego, OR.
Reid Middleton, Lynnwood, WA.
Architects Alaska, Anchorage, AK.

FISCAL YEAR 1992

Arthur Beard Engineers, Herndon, VA
Allen and Hoshall, Ltd., Jackson, MS
Kehrt Shathen Sharon Arch., Princeton, NJ
Hayes, Seay, Mattern & Mattern, Virginia Beach, VA

Ferris Architects, Southport, CT
Lominack Assoc., Savannah, GA
Robert and Company, Atlanta, GA
J.W. Robinson & Assoc., Atlanta, GA
Larsen Engineers, Inc., Beltsville, MD
Miller Stephenson & Assoc., Virginia Beach, VA
Proffesional Services Industries, Fairfax, VA
Hitch, Inc., Houghton, MI
Bluerock Partnership, Newport, CA
Okita Kunimitsu & Assoc., Honolulu, HI
Tsang Partnership, Tacoma, WA
Olympic Assoc., Seattle, WA
Sverdrup Corp, Kirkland, WA
Dames & Moore, Seattle, WA
Shannon & Wilson, Seattle, WA
AIDA, Inc., PS, Seattle, WA
Digitcad, Inc., Seattle, WA
MakersArch&UrbanDesign, Seattle, WA
Little Susitna Const Co, Anchorage, AK
Ronald Schmidt & Assoc., Hackensack, NJ
Macguire Group, Honolulu, HI
Harthorne Hagan, P.S., Seattle, WA
Anderson Koch & Smith, Seattle, WA
NBBJ, Seattle, WA
Daniel, Mann, Johnson & Mendenhall, Honolulu, HI

FISCAL YEAR 1993

WBRC Architects/Engineers, Bangor, ME
Sverdrup Corp., New York, NY
GSGSB, Inc., Clarks Summit, PA
Jeter, Cook & Jepson, Arch., Hartford, CT
Shiner Moseley & Assoc., Corpus Christi, TX
STV Architects, Pottstown, PA
Van Dijk, Pace, Westlake, Cleveland, OH
Greenhorn & O'Mara, Greenbelt, MD
Chen Associates, Flushing, NY
Einhorn Yaffee Prescott, Albany, NY
J.W. Robinson, Atlanta, GA
Synthesis Arch/Planners, Wrightsville Beach, NC
American Technologies, Westwego, LA
Alpha Design Corp., Norfolk, VA
Roy D. Queen & Assoc., Oakton, VA
ESE, Inc., Gainsville, FL
Talbert & Bright, Wilmington, NC
Caballero Architects, Falls Church, VA
Chapman and Biber, Summit, NJ
Waller Todd & Sadler, Virginia Beach, VA
Riddick & Associates, Norfolk, VA
Stottler Stagg & Assoc., Orlando, FL
McDonough Bolyard Peck, Fairfax, VA
Abam Engineers, Inc., Federal Way, WA
ORB Organization, Renton, WA
ARAI/Jackson, Seattle, WA
Ronald Schmidt & Assoc., Hackensack, NJ

Mr. CARR. For each of the last five fiscal years, also indicate the amount of survey and design funding that was awarded competitively and the amount awarded sole source or by small business set-aside.

[The information follows:]

The Coast Guard is unable to respond to this question completely at this time. This information is not routinely tracked. A data call has been initiated to all of the Coast Guard Facilities Design and Construction Centers and civil engineering units. We anticipate being able to provide this information to the Committee by May 31, 1994.

AIR STATION MIAMI UPGRADE

Mr. CARR. Last year, the Coast Guard budgeted $8,200,000 for a new hanger at the Miami Air Station. Based on schedule slippage in the project due to environmental matters, the Congress denied funding for the project. The fiscal year 1995 budget includes $8,400,000 for the same purpose. What is the status of the project now? Have all the environmental issues been resolved?

[The information follows:]

The only environmental issue outstanding is issuance of an environmental permit by the Dade County Department of Environmental Resources (DCDER). DCDER requires 100 percent project design before we may apply for an environmental permit. This project's design is scheduled for completion by the end of April 1994, and the environmental permit application will be made in May 1994. DCDER's process requires five to six months to complete. We plan to issue the invitation for bids in November 1994.

Mr. CARR. Has the Coast Guard performed a cost-benefit analysis of the proposed new hanger as opposed to taking other actions to support the aircraft at the station?

[The information follows:]

No, formal cost-benefit analysis for specific alternative to expanding the hangar at Air Station Miami was not performed due to a lack of viable alternatives in the immediate vicinity. However, we believe the request to expand the Miami hangar represents a reasonable and prudent action to maintain, house and protect aircraft assets valued at about $75 million. Commercial hangar and aviation maintenance shop space at the Opa Locka Airport (location of Air Station Miami) is extremely limited. No lease option could be found to address the 90,000 gross square foot shortfall inherent with the present structure.

In September 1992, the Coast Guard considered resiting aircraft at Homestead Air Force Base. However, a 25 year lifecycle economic analysis showed relocation to be more expensive than expanding and renovating our existing facility. Split plant operations at different airports significantly decreased economies of scale and were conceptually ruled out.

The hangar is a World War II structure over 45 years old. It was not designed to support our present or projected level of operations. The hangar does not meet electrical wiring or National Fire Protection Association standards, is significantly undersized, inefficient, and environmentally noncompliant. It has never received a major renovation or modernization, and investment in the air station's infrastructure has not kept pace with operations. The foreseeable requirements for Coast Guard operations off the Florida coast and into the Caribbean, make this project a much needed and sound capital investment without other viable alternatives.

Mr. CARR. What is the basis for the $6,600,000 estimate to construct the 84,250 square foot hanger? How does the cost per square foot estimate of construction compare with commercially owned hangers in the Miami area recently constructed?

[The information follows:]

The basis of the $6,600,000 estimate is a design prepared by an architect-engineering firm using standard cost estimating procedures and local market costs. Estimated construction cost of commercially owned maintenance hangars range from $62 to $78 per square foot. This estimate is reasonable, while at the high end of the commercial range, because the Coast Guard hangar will house maintenance shops and Coast Guard unique operations and communications facilities not found in commercial projects.

Mr. CARR. What is the planned schedule for the hanger project? For instance, when do you hope to issue invitations for bid, award the contract, start construction, and finish construction?

[The information follows:]

The planned schedule for the Air Station Miami hangar project is as follows:

Design completion, April, 1994

Issue invitation for bids, November, 1994
Award construction contract, February, 1995
Start construction, March, 1995
Finish construction, August, 1996

Mr. CARR. In fiscal year 1993, the Congress appropriated $8,000,000 for the Miami Air Station phase I upgrade (fuel farm, rinse rack and foam deluge system). That entire amount remained unobligated as of September 30, 1993. What is the current unobligated balance?

[The information follows:]

The unobligated balance as of March 15, 1994 is $3,089,381. We expect to obligate the remaining funds by February 1995.

Mr. CARR. What problems or delays have been experienced in the phase I project?

[The information follows:]

The fuel farm (phase I) project design was delayed due to an investigation of contaminated soils. The design was further delayed awaiting permits from Dade County Department of Resources Management. Since award of the construction contract, the construction completion date has been extended by one month because of a construction change order to modify fuel piping.

MIAMI AIR STATION PHASES I AND II

Mr. CARR. Indicate the relationship of Phases I and 11 of the Miami Air Station Upgrade. Also, indicate the phasing and amounts planned for the Miami Air Station for the next four years. A total of $11,300,000 is forecast for these efforts; is that correct?

[The information follows:]

Phase I and II are independent projects, phased to minimize disruptions to operations and to manage within AC&I budget constraints. Phase I, funded in fiscal year 1993, includes construction of a fuel farm, fuel distribution system, parking apron pavement and an aircraft rinse rack. Phase II is the construction of a rotary wing hangar in fiscal year 1995. Additional phasing and amounts planned are as follows:

Project	Year	Cost
Phase III—Renovate existing hangar	1998	$5,900,000
Phase IV—Construct administration building	1999	1,900,000
Phase V—Construct physical fitness center	1999	3,500,000
Total	....	11,300,000

AIR STATION BROOKLYN RENOVATION

Mr. CARR. The Brooklyn Air Station is also very old and in need of major repair or replacement. In addition, the winters in New York are much more severe than in Florida. What is the schedule to address the Brooklyn Air Station? Why is it viewed as a lower priority than Air Station Miami?

[The information follows:]

We are revalidating our mission and facility needs in relation to the Air Station Brooklyn renovation project. Because this revalidation has not yet been completed, we did not request fiscal year 1995 funds for a renovation of Air Station Brooklyn. We expect to complete this review in 1994. We will initiate appropriate budget action upon completion of our review.

SUPPORT CENTER SEATTLE PIER 37 RECONSTRUCTION

Mr. CARR. Last year, the Congress denied the request of $10,000,000 to reconstruct Pier 37 at Support Center, Seattle. The

Coast Guard was directed to investigate the possibility that berthing space for cutters might be available at Navy facilities in the Seattle area. The fiscal year 1995 budget includes $10,300,000 for the reconstruction of Pier 37.

Indicate the process by which the Coast Guard sought to determine if space might be available at the Navy facilities in the Seattle area. Please be specific on actions taken by the Coast Guard and those taken by the Navy.

[The information follows:]

In October 1993, the Commander, Thirteenth Coast Guard District, directed his planning staff to investigate whether mooring space for Coast Guard vessels was available at Naval Complex Bremerton or Naval Station Everett. The Navy analyzed and compared its own ship homeporting plans and master plans to the Coast Guard's homeporting requirements, and informal inquiries indicated neither Navy facility had the capacity to accommodate Coast Guard vessels. On November 5, 1993 Coast Guard headquarters directed the Maintenance and Logistics Command pacific (MLCPAC) to prepare an alternative homeport analysis to analyze both Naval Complex Bremerton and Naval Station Everett as alternatives due to DoD closures and realignment actions. A scope of services requesting a feasibility analysis of these two sites was sent to a Seattle-based architectural/engineering consulting firm on November 11, 1993. The results of this analysis were forwarded to Coast Guard headquarters on January 28, 1994, recommending Support Center Seattle as the most cost effective and efficient of the three sites.

Mr. CARR. Coast Guard officials in Washington were asked to supply the Committee with the Navy's determination that the Navy could not support Coast Guard cutters in the Seattle area. Such documentation would support the Coast Guard's renewed request for funding for the project. In response, a letter from the Commander, Maintenance and Logistics Command Pacific, to the Commander in Chief of the U.S. Pacific Fleet was provided. The letter will be placed into the record.

[The information follows:]

U.S. Department of Transportation

United States
Coast Guard

Commander
Maintenance and Logistics
Command Pacific

Coast Guard Island
Alameda, CA 94501-5100
Tel: (510) 437-3043

11013/sp40124
FEB 15 1994

From: Commander, Maintenance and Logistics Command Pacific
To: Commander in Chief, U. S. Pacific Fleet
Via: Commander, Coast Guard Pacific Area

Subj: REQUEST FOR SHIP BERTHING SPACE AT NAVAL STATION EVERETT AND NAVAL COMPLEX BREMERTON, WASHINGTON

1. We request formal verification from CINCPACFLT that Naval facilities at Everett, Washington and Bremerton, Washington are not able to accommodate Coast Guard cutters.

2. We recently conducted an alternative homeport investigation, at the request of Congress, for four Coast Guard cutters presently homeported in Seattle. This investigation is attached as enclosure (1). It revealed that the facilities at both Naval Station Everett and Naval Complex Bremerton do not have the physical capacity to accommodate Coast Guard cutters without significant additional capital investments. Additionally, Naval Facilities Engineering Command planners from your Engineering Field Activity Northwest Branch Office have stated that operational considerations and impacts may prohibit the commanding officers of both installations from accepting these additionel Coast Guard cutters.

3. As several FY94 - FY98 related pier repair projects for Support Center Seattle are currently undergoing budget submission before Congress, a timely response to this request would be appreciated. Point of contact at this Command for further questions is Mr. Jerry Choy, Planner in Charge, ph: (510)437-3043.

4. Thank you for your determination in this matter.

G. G. PICHÉ

Encl: (1) Seattle WAGB/WHEC Alternate Homeport Analysis dated 20 Jan 94

Copy: COMDT (G-CC, G-CPP, G-ECV, G-ECV-2, G-ECV-2c)
CGD THIRTEEN (d, dcs, dpl)
CG SUPRTCEN Seattle
CG FDCC Pacific
CG MLCPAC (v, vr)
CG NESU Seattle
CG PACAREA (Pa/N-1, Pof-2)

Mr. CARR. The letter is dated February 16, 1994, one week after submission of the budget to the Congress, and probably two months after most decisions reflected in the budget were finalized. The letter begins by asking for formal verification from Navy authorities can Navy facilities in the Seattle area cannot accommodate Coast Guard cutters. The letter then goes on to reference a Coast Guard analysis that indicates it is not feasible to have the cutters at the Navy facilities. The whole process seems to call into question the objectivity with which the Coast Guard explored the option of berthing the cutters at the Navy facilities. What is your comment on this observation?

[The information follows:]

The Coast Guard objectively explored the option of berthing cutters at the Navy facilities in the Seattle area. In October, 1993, the Thirteenth Coast Guard District conducted a study to determine if mooring space for Coast Guard vessels was available at Naval Complex Bremerton or Naval Station Everett. This study resulted in the determination, by both Navy and Coast Guard personnel, that the capacity to homeport Coast Guard vessels at these Naval facilities was not available.

In November 1993, Coast Guard Headquarters directed Coast Guard Maintenance and Logistics Command Pacific to prepare a formal alternate homeporting analysis. Both Navy facilities and Support Center Seattle were to be considered as potential alternative homeport sites for the 378 foot cutters and polar class icebreakers currently homeported at Coast Guard Support Center Seattle. Based on the evaluation of relevant study data available from progress reports on this study, and on the informal determination by the Navy that mooring space was not available at either Navy facility, we developed a fiscal year 1995 budget request to provide Support Center Seattle with an adequate replacement for Pier 37. At the time of budget submission, informal dialog had clearly established that using Navy facilities was not an alternative. The letter dated February 16, 1994 was sent to the Navy for formal command level confirmation that Navy facilities are unavailable to the Coast Guard. The date of the letter in no way impeaches the fact that an objective alternatives analysis was conducted prior to finalizing our 1995 budget request.

Mr. CARR. What analysis has the Navy performed that supports the Coast Guard's contention that Navy facilities in the Seattle area cannot accommodate the cutters?

[The information follows:]

The Navy analyzed its infrastructure and current operational needs and projected force structure and homeporting plans before Commander in Chief, U.S. Pacific Fleet (CINCPACFLT) representatives stated they could not accommodate Coast Guard vessels. CINCPACFLT formally documented the results of their analysis in a letter dated March 25, 1994.

PIER 37 RECONSTRUCTION PROJECT

Mr. CARR. Did the Coast Guard request the architectural/engineering firm already doing work on the Pier 37 project to do a comparative analysis of berthing the cutters at two Navy facilities and at the Seattle Support Center?

[The information follows:]

No, ABAM Consulting Engineers of Seattle, Washington is the architectural/engineering firm doing the design work for the Pier 37 Reconstruction project. MAKERS Architecture and Urban Design of Seattle, Washington completed the alternate-homeport comparative analysis.

Mr. CARR. When did the Coast Guard request that a comparative analysis be performed?

[The information follows:]

On November 5, 1993, Coast Guard headquarters directed the Maintenance and Logistics Command Pacific (MLCPAC) to proceed with the analysis using a consulting firm. MLCPAC forwarded a scope of services dated November 11, 1993 to a Seattle-based architectural/engineering (A/E) consulting firm, requesting preparation of an A/E fee proposal for the analysis. Fee negotiation subsequently occurred on November 18, 1993; award of the contract task order occurred on November 26, 1993.

Mr. CARR. What was the additional cost to the Coast Guard to have the comparative analysis performed?

[The information follows:]

The additional cost to the Coast Guard was $17,246 ($11,531 in contract consulting services and $5,715 in-house personnel and travel costs).

Mr. CARR. Is it correct that the comparative analysis was received by the Coast Guard on approximately January 20, 1994, after budget decisions for fiscal year 1995 had been made?

[The information follows:]

Yes, the final version for the comparative analysis was provided by the architectural/engineering consultant to the Maintenance and Logistics Command Pacific on January 20, 1994. However, budget decisions were based on an evaluation of relevant study data available in progress reports at the time of budget submittal.

Mr. CARR. Has either the Navy or the Coast Guard examined total government costs, both Coast Guard and Navy, of the various alternative berthing arrangements for all government vessels in the Seattle area?

[The information follows:]

The Coast Guard has not. Additionally, we have no knowledge of Navy actions regarding alternative berthing arrangements for government vessels in the Seattle area.

Mr. CARR. The budget request of $10,300,000 for Pier 37 reconstruction includes $1,270,000 for demolition, $740,000 for exterior utilities, $7,620,000 for waterfront construction, and $670,000 for temporary vessel berthing. In contrast, a synopsis of the comparative analysis of alternative sites reveals pier construction costs at Support Center Seattle of $15,791,000, utilities expenses of $1,279,000, and other expenses (support facilities, site work, parking relocation and leasing) of $7,705,000. Please explain in detail the reasons for these significant differences.

[The information follows:]

The Budget Request estimate of $10,300,000 is based on the reconstruction of one pier (Pier 37) in fiscal year 1995. The $15,790,572 estimate in the comparative analysis is the cost required to reconstruct two piers (Pier 36 and Pier 37). This is the total work needed to support the Coast Guard ships in the area. this information was necessary in order to develop a fair comparison of costs for all work required at the alternative sites. Subject to the administration's review and approval, Pier 36 funds will be requested in a future budget.

Mr. CARR. The comparative analysis indicates the cost to construct a pier for the cutters at Naval Station Everett to be $19,048,000. Why is it estimated to cost 20 percent more to build the pier at Everett than at the Support Center, and 35 percent more at Everett than at Bremerton?

[The information follows:]

The costs at each site are different because the nature and scope of work required to meet the same operational need is dictated by differing existing conditions at each site.

The cost of $15,791,000 estimated for construction at Support Center Seattle includes rebuilding two existing piers and upgrading utilities. Water depth is sufficient and no dredging is required.

The cost of $19,048,000 estimated for construction at Naval Station Everett includes a wharf extension and new utilities to berth the two Coast Guard polar icebreakers. This does not include dredging, estimated at $6 million, required due to the draft of these vessels.

The cost of $14,101,000 estimated for construction at Bremerton Naval Complex includes renovation to an existing pier, a pier extension and upgraded utilities. This does not include dredging, estimated at $3.6 million.

Mr. CARR. How many of the Coast Guard personnel assigned to or working on the cutters live on the local economy? Are any of the additional personnel and commuting costs reflected in the comparative analysis for these people?

[The information follows:]

Approximately 525 personnel assigned to or working on the cutters live on the local economy. This figure was derived from records of the local Coast Guard housing authority in Seattle.

Yes, additional personnel and commuting costs are reflected in the comparative analysis; but these are Coast Guard organizational costs, e.g. costs associated with additional personnel required to staff two support organizations, and the additional costs associated with staff commuting times that would still be required between the Support Center and the remote Naval facilities. Increased personal costs for these people, in the sense of commuting from home to work, are not included in the comparative analysis.

Mr. CARR. Provide additional detail for the site work, parking relocation, leasing, and personnel and commuting costs from the comparative analysis.

[The information follows:]

Sitework/Parking.—Parking now available at Support Center Seattle does not satisfy existing requirements. The project would provide more spaces. At Naval Station Everett, there is no parking to meet Coast Guard (CG) needs. In addition, the site identified for the CG support building would consume one of the Navy parking lots, requiring construction of a parking garage to meet both CG and displaced Navy parking requirements. At Bremerton Naval Complex, there is no existing parking to meet CG needs, and no land suitable for construction of new parking facilities. this alternative includes acquisition and development of land for offsite parking.

Relocation.—These are the permanent change of station (PCS) costs necessary to relocate affected personnel from Support Center Seattle to the respective Navy facilities. These costs also include equipment relocation/installation and environmental impact reports.

Leasing.—This cost applies to the Support Center Seattle homeporting alternative only. Pier facilities will not accommodate all six homeported vessels in-port at one time. In this circumstance (estimated to occur twelve percent of the time) local commercial pier facilities would be leased.

Personnel.—Lifecycle costs for additional personnel are included in the Navy homeporting alternatives. Engineering support for the six CG vessels homeported at Support Center Seattle is provided by Naval Engineering Support Unit (NESU) Seattle located at the Support Center. If four of the vessels are alternatively homeported at Naval facilities, a proportionate NESU staff will follow. Splitting the NESU organization will create a net requirement of twelve additional personnel to staff both organizations.

Commuting.—The Navy homeporting alternatives will require travel between the Support Center and the Navy facilities. The travel time is estimated to be approximately 120 work hours per week for Everett, and 180 work hours per week for Bremerton. This lost productive time is included in the Navy alternatives.

PUBLIC FAMILY QUARTERS

Mr. CARR. The 1994 Appropriations Act included the budget request of $22,000,000 for 213 housing units. This year the budget justification indicates that the 1994 appropriation will support only approximately 143 units. By location, indicate each change from the 1994 submission, and the reasons therefor.

[The information follows:]

The fiscal year 1995 justification that lists fiscal year 1994 appropriation history on public family quarters is in error. In addition to the 143 units listed, renovation of 70 housing units at Support Center New York is also planned. The correct total is 213, per our 1994 appropriation.

Mr. CARR. For 1995, the request for public family housing totals $18,200,000 for three locations—Ocracoke, North Carolina; Cape May, New Jersey; and Kodiak, Alaska. The estimated cost per unit for the three locations is $190,000 for Ocracoke; $170,000 for Cape May; and $400,000 for Kodiak. All of the units will be built on government-owned land. Especially since the estimates do not include the costs of any land, why are the unit construction costs so high?

[The information follows:]

The housing construction costs in the 1995 request are impacted by the higher-than-average geographic construction costs for all three locations. The proposed housing is mid-level family housing typically found in any housing development nationwide. It consists of 2, 3, and 4 bedroom duplex or townhouse units of frame construction. The housing at Kodiak includes garages. For comparison, the average cost per unit would be between $145,000 to $165,000 if built in Washington, DC.

Construction at Ocracoke, NC involves a remote island location, which results in higher material, labor, and transportation costs. In addition, this project includes elevated pile foundations to keep buildings above coastal flooding datum.

Cape May housing involves construction in a resort area and includes non-elevated pile foundations.

Kodiak housing involves construction in a remote location where the construction season is restricted due to the severe weather. This project is also a phased project and includes some site development cost for the next three phases, including site remediation and asbestos removal. The estimated average final cost per unit of all of the phases (including site development/improvement, and site remediations costs) is $330,000.

Mr. CARR. What are the average square footage amounts for the three locations? What is the average construction cost per square foot for each location and how does it compare with recent commercial construction in each area?

[The information follows:]

The table below shows the average (net) square footage per unit and average building construction cost per (net) square foot for each of the locations:

	Avg. sq. ft.	Avg. $/sq. ft.
Cape May (2 bedroom)	1,160	$94
Ocracoke (2, 3, 4 bedroom mix	1,236	118
Kodiak (2 bedroom)[1]	1,625	146

[1] Note.—Kodiak units include 449 Sq Ft/Unit for garage and storage.

We have not been able to find any recent private sector construction costs with which to compare our costs. The Coast Guard does use standard construction industry methods for estimating our construction costs, including standard publications used by the private sector such as Means and McGraw-Hill construction cost estimating guides.

Mr. CARR. The justifications indicate that the program may provide for "related support facilities." For each of the three locations, indicate the amount and purposes of any related support facilities. For future year budget justifications, please include such detail.

[The information follows:]

The Ocracoke housing project includes $40,000 for a maintenance building and playground. The Cape May project includes a playground for $20,000. The Kodiak project includes $40,000 for a covered playground and bus shelter.

We will include this information in future budget justifications.

Mr. CARR. Are there any outstanding environmental issues still needing resolution for any of the locations planned for construction in the 1995 budget?

[The information follows:]

All outstanding environmental issues affecting the Ocracoke or Cape May housing projects are resolved. The Coast Guard is amending the environmental assessment for the Kodiak housing project to identify the impact on local traffic. This project also involves removal/remediation of underground storage tanks and asbestos removal. However, the appropriate planning has occurred for these issues, and they do not present any unusual obstacles to this project. We expect to award the contracts and begin all three projects in fiscal year 1995.

Mr. CARR. For each location, is the planned new housing for existing Coast Guard personnel, or for personnel assigned to new missions in those locations?

[The information follows:]

The new housing for Kodiak, AK, Cape May, NJ, and Ocracoke, NC, are for existing personnel supporting existing missions.

Mr. CARR. For each location, indicate whether the planned new housing is completely new or replacement stock.

[The information follows:]

The units at Kodiak are replacement units. The units at Cape May are new units. The housing project at Ocracoke involves four replacement units and seven new units.

Mr. CARR. What is the status of the design work for units at each location?

[The information follows:]

The design work for the housing projects at Kodiak and Cape May is 35 percent complete. The Ocracoke housing design is 10 percent complete. The following table shows remaining project schedules through construction completion:

	Design completion	Issue invitation for bids	Award contract	Construction complete
Ocracoke, NJ	March 1995	May 1995	July 1995	September 1996.
Cape May, NJ	September 1994	November 1994	January 1995	December 1995.
Kodiak, AK	October 1994	December 1994	January 1995	January 1997.

Mr. CARR. Who prepared the design work, Coast Guard personnel or contractors?

[The information follows:]

The Cape May and Kodiak housing projects are being designed by Coast Guard personnel at our Facilities Design and Construction Center Pacific (FD&CC Pacific). FD&CC Atlantic is administering an architect/engineering (A/E) contract for the Ocracoke housing project.

OCRACOKE PROJECT

Mr. CARR. The Ocracoke project is not scheduled to go to contract until July 1995; is that correct? How do you assess the risk involved in meeting that schedule?

[The information follows:]

Construction contract award for the Ocracoke construction project is currently scheduled for July 1995. The Coast Guard believes the risk in meeting this schedule to be minimal. The project is 10 percent designed and proceeding smoothly with design scheduled for completion in March 1995.

PRIORITIES FOR PUBLIC FAMILY QUARTERS

Mr. CARR. Information supplied by the Coast Guard last year indicated the intention to budget $30,000,000 for public family quarters for the next several fiscal years, beginning in 1995. This would seem to comport with Commandant Kime's repeated pronouncements that people are the Coast Guard's most important resource. Especially since the total AC&I 1995 request is $25,000,000 higher than the 1994 request, why does the 1995 housing request of $18,200,000 not even match the 1994 request of $22,000,000, much less reach the level of $30,000,000 indicated as the target last year?

[The information follows:]

A public family quarters (PFQ) request of $18,200,000 does not connote that people are no longer considered the Coast Guard's most important resource. There are many factors which the Coast Guard must consider when determining the proper level of funding for PFQ. The Cost Guard must determine an adequate level of shore facilities and aid to navigation (Shore) Acquisition, Construction, and Improvements (AC&I) funding in relation to the other categories constituting the total AC&I Appropriation. Then, our shore AC&I request must be balanced to ensure our highest priority shore facilities needs are included in the budget in any given fiscal year. These include operational shore facility needs, as well as the important family housing needs of our people. We still consider $30,000,000 a reasonable PFQ target estimate; however, this estimate is subject to adjustment so the Coast Guard may request funds for adequate and safe facilities in which our people work as well as live. Also, in some instances, PFQ projects may not be fully documented or designed to the point where a firm estimate can be included in the budget, or a revalidation of the need for the project causes it to be cancelled or deferred to a future budget year.

Mr. CARR. What does the 1995 public family housing budget say about the Coast Guard's priorities and about regarding people as the most important resource? Have priorities changed in the past year?

[The information follows:]

Priorities have not changed and people remain our most important resource. As a matter of fiscal responsibility, the Coast Guard attempts to ensure its members are housed: first, through existing government quarters; next, in the private market through housing allowances; then, through government leases; and, finally, with purchased or constructed government quarters.

Wherever practicable, we prefer our members live in the community rather than in military enclaves. Community involvement is almost always beneficial for both our families and the community. Home ownership, although neither encouraged nor discouraged, also allows our families to benefit from the housing market. However, insufficient housing allowances and the remote, rural, or resort areas where many of our members are assigned often make living in the community and/or home ownership unaffordable for many Coast Guard personnel.

For members and their families who cannot afford adequate housing using their allowance, Government-leased quarters are provided. These leases do not require staffing for maintenance, and they are more manageable than government-owned quarters.

Existing government quarters, adequate housing allowances, and government leases are not available in Kodiak, AK; Cape May, NJ; and Ocracoke, NC. The $18.2 million requested in 1995 for public family housing does not reflect a change in priorities regarding people. Rather, it reflects the success of the government leased housing program, as well as our increased efforts to better manage the entire facilities planning process.

BASE SAN JUAN, PUERTO RICO—PHASE I RECONSTRUCTION

Mr. CARR. What is the basis for the $10,750,000 estimate to begin phase I of the reconstruction of Base San Juan, Puerto Rico?

[The information follows:]

The basis for the $10,750,000 cost estimate for phase I of the Base San Juan project was a ten-percent engineering design prepared by the USCG Facilities Design and Construction Center Atlantic.

Mr. CARR. The justification indicates the majority of the 1995 plan will be to construct a replacement unaccompanied housing facility. How many personnel will this facility accommodate?

[The information follows:]

The new unaccompanied personnel housing facility at Base San Juan will accommodate 12 officers and 91 enlisted personnel.

Mr. CARR. The construction cost works out to approximately $167 per square foot. How does this number compare with similar commercial construction projects in Puerto Rico?

[The information follows:]

The $167 per square foot cost includes other costs such as utilities, site development and outfitting costs totalling $2,495,000. The building construction cost is $121 per square foot, comparable to construction costs for similar projects in Puerto Rico as estimated by an independent private sector cost estimator.

Mr. CARR. What is the status of the design for the San Juan housing facility?

[The information follows:]

The unaccompanied housing facility is part of the reconstruction of Base San Juan multi-phase project. This design is 10 percent complete.

Mr. CARR. What is the schedule for invitation for bids, contract award, construction start, et cetera. For future years, please include such information in the budget justifications for all such projects.

[The information follows:]

The schedule for phase I of the Base San Juan reconstruction project is:
Design completion, March 1995.
Issue invitation for bids, April 1995.
Award contract, June, 1995.
Start construction, July, 1995.
Finish construction, January, 1997.
We will include this information in future justifications.

Mr. CARR. Does the entire $9,000,000 for building construction actually represent construction expenses, or does it include any "related support facilities?" Detail the nature and associated cost of any such facilities.

[The information follows:]

In addition to the building construction, the $9,000,000 building cost includes: $690,000 for outfitting; $975,000 for exterior utilities required to support the building; $330,000 for medium frequency/high frequency antenna construction; $320,000 for building parking and associated sitework; and $180,000 for electronics equipment and temporary facilities. We will ensure our future budget submissions include this breakout.

The $750,000 sitework and $450,000 utilities costs listed in the budget request are expenses required to support projects in future phases of the Base San Juan reconstruction effort. The $550,000 demolition cost provides for removing interfering or obstructive structures.

Mr. CARR. Provide details on the entire three phase Base San Juan reconstruction project by fiscal year and category of expense.

[The information follows:]

The Base San Juan reconstruction project has been restructed into four phases, versus three. The project phases are:

Phase I—Consists of demolition of interfering or obstructive structures, construction and outfitting of a replacement unaccompanied personnel housing facility, and sitework preparation and utilities upgrades to support projects in the future three phases.

Phase II—Consists of waterfront work required to homeport four 110 foot patrol boats (now moored at Roosevelt Roads, Puerto Rico), at Base San Juan. Work includes a new bulkhead, piers, cutter storage and related site and utility work. Planned for 1996 at a cost of $3,000,000 in AC&I funds.

Phase III—Consists of an 18,200 gross square foot (GSF) multi-purpose building (including administrative functions, operations center and warehouse) and a 16,700 GSF dining/recreation building. Planned for 1997 at an estimated cost of $6,900,000 in AC&I funds.

Phase IV—Consists of 12,200 GSF marine safety office/recruiting building. Planned for 1999 at an estimated cost of $2,700,000 in AC&I funds.

Mr. CARR. Has the Coast Guard prepared a cost-benefit analysis for the Base San Juan reconstruction project, comparing the proposed course of action with several alternatives?

[The information follows:]

Yes, a cost-benefit analysis was performed in The Greater Antilles Section (GANTSEC) 2000 study of September 1988. The study was undertaken to revalidate: The Coast Guard's role in the Greater Antilles and Eastern Caribbean; what organizational units needed to be located in GANTSEC to support this role; and what units could be more efficiently organized, moved to the continental United States, or have their activities contracted out. The study resulted in three alternative courses of action:

1. Concentrate Coast Guard facilities at San Juan.
2. Concentrate Coast Guard facilities at Roosevelt Roads.
3. A combination of alternatives 1 and 2.

Alternative 1 was selected on the basis of the cost-benefit analysis performed in the GANTSEC study.

BASE ST. LOUIS FLOOD RECOVERY

Mr. CARR. The 1995 budget request includes $9,000,000 to construct base and group facilities in or near St. Louis to replace facilities damaged by the Midwest floods last year. Since the Emergency Supplemental Appropriations Act passed earlier this year in response to the earthquake in Southern California included funding for a new facility in this region, this funding is no longer required; is that correct? What is the status of that effort? Has a new site been identified yet? What will happen to the existing site?

[The information follows:]

This funding is no longer required since the emergency supplemental appropriation provided the necessary funds. The Coast Guard is in the process of designing a replacement Base St. Louis facility for a site at the Melvin Price Support Center located in Granite City, Illinois. The Coast Guard will retain Group Upper Mississippi River in the Keokuk, Iowa area; however, further exploration of reconstruction at the existing or alternate sites or the leasing of facilities is ongoing to determine the optimal situation for the Coast Guard. Once completed, the existing Base St. Louis site will be declared excess to our needs and disposed of in accordance with established real property procedures.

WATERWAYS SHORT RANGE AIDS-TO-NAVIGATION PROJECTS

Mr. CARR. The budget includes $5,500,000 for the waterways short range aids-to-navigation projects. This amount represents an increase of 37 percent above the appropriations provided for the past three years. For what reasons is this effort deserving of an increase of this magnitude in 1995?

[The information follows:]

Our request for waterway projects is based on factors which include the timing of completion of U.S. Army Corps of Engineers projects, the results of waterways analyses, and our ability to accomplish the improvements in a given time frame. This year's request contains numerous projects resulting from our most recent analyses of aids to navigation requirements to support numerous waterways improvements, particularly Corps waterway projects. These analyses identified many shortcomings in aids to navigation systems within certain port areas, which we seek to correct.

Failure to provide funding would eliminate aids to navigation projects needed to complement and properly mark improved waterways (e.g. newly dredged channels). Improperly marked waterways would hinder maritime commerce through underutilization of the full depth or width of navigable waterways. Prudent mariners are very hesitant to navigate vessels whose dimensions are close to the available limits of the navigable waters, unless such boundaries are clearly identified.

Mr. CARR. What is the current unobligated balance for this activity by fiscal year?

[The information follows:]

The waterways short range aids-to-navigation projects current unobligated balances are provided below. The fiscal year 1994/1996 (FY 94/96) funds are planned for obligation during the third and fourth quarter of this fiscal year.

Year of approp/expiration	Appropriated amount	Current unobligated balance
Fiscal year:		
1990/1994	$5,982,000	$425,275
1991/1995	6,999,909	239,867
1992/1994	4,000,000	116,937
1993/1995	4,000,000	486,666
1994/1996	4,000,000	3,899,610

WATERWAYS SHORT RANGE AIDS TO NAVIGATION PROJECTS

Mr. CARR. What specific locations and/or projects are planned for the waterways short range aids-to-navigation activity in 1995?

[The information follows:]

The following is an unprioritized lists of all waterways Aids to Navigation projects planned in FY95:

Location	*Amount*
Woods Hole MA	$182,000
Boston, MA	195,000
Hudson River, NY	250,000
Chesapeake Bay, Pooles Island, N & S Ranges	1,235,000
Upper Chesapeake Bay Front Range	504,000
San Juan Passage, PR	19,000
Key West SW Channel, FL	68,200
Cooper River, SC	12,500
Port Royal Sound, SC	32,000
Key West NW Channel, FL	21,300
Aransas Pass, TX	104,000
Mississippi Sound, MS	530,000
Vermillion Bay, LA	9,200
South Pass, LA	11,300
Galveston, TX	347,000
Burns Waterway, IN	40,000
Alpena, MI	74,000
Manistee Harbor, MI	17,000
Strawberry Island, NY	15,000
Big Bay De Noc, WI	5,000
Big Bay De Noc, WI	8,000
Sandusky River, OH	123,000
Keweenaw Waterway, MI	40,000
Little Bay De Noc, WI	10,000
Keweenaw Waterway, MI	70,000
Upper Green Bay, MI	12,000
Middle Island, MI	17,800
Saginaw Bay, MI	52,000
Alpena Harbor, MI	14,000
Durkirk, NY	9,000
St. Clair River, MI	6,000
Oakland Harbor, CA	105,000
San Francisco, CA	20,000

Location	Amount
Mare Island, CA	200,000
Long Beach, CA	18,000
Los Angeles, CA	250,000
Oak Harbor, WA	48,000
Lummi Bay Marina, WA	130,000
Hood Canal, WA	150,000
Grays Harbor, WA	120,000
Guemes Channel, WA	50,000
Merizo, Guam	160,000
Kawaihae Light Draft Harbor, HI	18,000
Kauai, HI	18,000
Hickham Harbor, HI	5,000
Nawiliwili Harbor, HI	15,000
Molokai, HI	20,000
Johnston Island	12,000
Ta'u Island, Samoa	65,000
Nawiliwili Harbor, HI	15,000
Tinian Harbor, Pacific Atoll Islands	42,000
Blake Channel, AK	14,000
Clark Bay, AK	10,600
Total cost for fiscal year 1995 projects	5,519,400

BACKLOG OF AIDS-TO-NAVIGATION PROJECTS

Mr. CARR. According to the justifications, there is currently a backlog of approved aids-to-navigation infrastructure projects. For the record, provide a listing of the backlog, ranked by priority.

[The information follows:]

The listing of the backlog follows:

Delaware Bay, Light 32	$500,000
Upper Chesapeake Bay Channel Ranges, MD	$167,000
Chesapeake Bay, Grove Point Range	$817,000
Chesapeake Bay, Pooles Island N. Range	$750,000
Hudson River, NY (Phase I)	$2,200,000
Modify Racons (Phase I-Nationwide effort)	$200,000
Delaware Bay & River, DE (Phase I)	$1,500,000
Raritan Bay, NY	$285,000
Puget Sound, WA	$300,000
Woods Hole, MA	$1,000,000
Fog Detectors (Phase I-Nationwide effort)	$600,000
Roosevelt Roads, PR	$77,000
Bull Bay, SC	$16,200
Cape Canaveral, FL	$14,500
Isla De Vieques, WI	$20,500
Bayou La Batre Channel, AL	$61,000
Corpus Christi, TX	$141,800
Whale Passage, AK	$11,600
Dry Pass, AK	$70,000
Cape Fear River, NC	$110,000
Delaware Bay & River, DE (Phase II)	$1,000,000
Hudson River, NY (Phase II)	$2,000,000
Modify Racons (Phase II-Nationwide effort)	$200,000
Fog Detectors (Phase II-Nationwide effort)	$460,000
Shinnecock Inlet, NY	$116,000
Weymouth Fore River, MA	$1,197,000
Nordmeer Wreck, MI	$650,000
Southwest Pass, LA	$110,000
Lower Mississippi River, LA	$76,000
Buzzards Bay, MA	$54,500
Casco Bay, ME	$64,900
Kennebec River, ME	$39,900
James River, VA	$736,000
Maumee Chn - Toledo, OH	$650,000
New Rochelle, NY	$34,800
York River, VA	$250,000
Great South Bay, NY	$277,000
Ipswitch Bay, MA	$45,000
Nahant Bay, MA	$13,700
Shelter Island Sound, NY	$22,000
Boston, MA	$194,000

Baltimore Harbor, MD	$129,659
Shinnecock & East Rockaway, NY	$70,000
Rockaway Inlet/Jamaica Bay, NY	$95,000
Lower Chesapeake Bay, MD	$54,000
Block Island Sound, RI	$40,000
Hussey Sound, ME	$69,000
Frenchmans Bay, ME	$30,000
Martha's Vineyard, MA	$15,600
Boston Harbor, MA	$6,200
Portland Harbor, ME	$13,500
Penobscot Bay, ME	$13,500
New York Harbor, NY	$7,100
Sandy Hook Channel, NY	$6,200
National Dock Channel, NY	$6,250
Clinton Harbor, CT	$6,800
Niantic Bay, CT	$5,650
Block Island Sound, NY	$12,500
Fire Island Inlet, NY	$5,100
Damariscotta Island, ME	$16,200
Lake Champlain, NY	$31,500
Marshall Pt Light, ME	$10,500
Capt Harbor/Greenwich Cove, CT	$23,600
Connecticut River, CT	$11,000
Norwalk Channel, CT	$10,200
Sheepscott River/Townsend Cut, ME	$7,500
Port Jefferson, NY	$13,000
East River, NY	$11,800
Barnstable Harbor, MA	$14,400
Mount Sinai Harbor, NY	$16,800
Hempstead Harbor, NY	$11,300
Weymouth-Fore River, MA	$10,400
Salem, MA	$14,800
New York Harbor, NY	$150,000
Sandy Hook Bay, NJ	$478,000
Mystic Harbor, CT	$27,200
Mass Bay South Shore, MA	$34,000
Boston Harbor, N&S Side Channels, MA	$181,000
Elizabeth River, VA	$100,000
James River, VA	$750,000
Chesapeaketer River, MD	$100,000
Elizabeth River, VA	$300,000
Delaware Bay, DE & NJ	$500,000
Salem River, NJ	$34,000
Baltimore, MD	$19,000
Pamlico Sound, NC	$32,700
Beverly Range, PA	$26,400
York River, VA	$51,800
Upper Chesapeake Bay, MD	$10,500
Burwell Bay, VA	$16,800
Mobjack Bay, VA	$27,000
Poquoson, VA	$24,500
Potomac River, MD & VA	$26,700
Chickahominy River, VA	$10,000
James River, Va	$63,000

Chesapeake Beach, MD	$21,200
Delaware River - Burlington, NJ	$25,705
Torresdale/Enterprise Range, PA	$48,700
Curtis Bay, MD	$22,000
James River, VA	$483,700
Hooper Strait, MD	$66,812
Cape Fear River, NC	$110,000
Bald Head Shoal Range	$109,000
Savannah River, GA	$39,000
Port Royal, FL	$122,000
Charleston, SC	$145,000
Mullet Key, FL	$80,000
Guantanamo Bay, West Indies	$36,000
Cooper River, SC	$13,000
Tampa Bay, FL	$10,100
Dry Tortugas, FL	$10,000
St Andrew Sound, GA	$8,100
Sapelo Sound, GA	$8,100
South Edisto River, SC	$9,400
St Johns River, FL	$11,200
Mississippi River Gulf Outlet, LA	$75,000
Colorado River, TX	$75,000
Cat Island Channel, MS	$49,000
Mississippi River Delta, LA	$11,500
Galveston, TX	$13,000
Pensacola Bay, FL	$42,000
Houston Ship Channel, TX	$1,400,000
Texas City, TX	$13,000
Dauphin Island, AL	$15,800
Choctawahatchee Bay, FL	$34,000
Pensacola Bay, FL	$51,000
Port Austin, MI	$10,000
Detroit River, MI	$23,000
Olcott Harbor, NY	$30,000
Holland, MI	$6,000
St. Marys River, MI	$14,700
Grand River, MI	$16,400
Grand Traverse Bay, MI	$24,000
Agat Small Boat Harbor, Guam	$190,000
Western Pacific Ocean	$92,000
Various Western Pacific	$49,700
Kewalo Basin, HI	$12,000
Mobile Bay, AL	$462,000
St Marys River Entrance Jetty, FL & GA	$1,500,000
BACKLOG TOTAL COST	$26,372,179

U.S. MARITIME TRANSPORTATION SYSTEM

Mr. CARR. Was the structure of the United States maritime transportation system taken into consideration during the development of the national highway system by the Department of Transportation's Federal Highway Administration?

[The information follows:]

During development of the National Highway System (NHS), the Federal Highway Administration (FHWA) and the Maritime Administration (MARAD) worked together to identify inland and coastal maritime facilities important to the movement of national and international commerce. Based on this identification and on comments by states, metropolitan planning organizations (MPOs), other officials, transportation organizations, environmental organizations, etc. the FHWA and the Maritime Administration (MARAD) determined that 104 ports should be included on the NHS maps. Each port on the NHS maps annually handles more than 750,000 short tons of cargo, more than 350,000 short tons of foreign trade, or meets national defense requirements. Ports that are primarily depended on rail and/or pipelines are not identified on the NHS maps. The 104 ports shown on the maps handle about 72 percent of total U.S. waterborne cargo tonnage.

Mr. CARR. How might the United States maritime transportation system figure into the national transportation system that Secretary Peña wants to see developed?

[The information follows:]

The NTS will include freight systems that serve important domestic and international roles. In the development of the NTS, inland and coastal maritime transportation components are being evaluated and facilities considered for inclusion are those that have important national and international consequences. Major ports and inland waterways play an essential role in maintaining U.S. world economic and trade competitiveness and as a result must be included as essential elements of the NTS.

DOT plans to work carefully with the Department of Defense, industry and state and local governments in determining what elements of our maritime system should be included in the NTS.

OVERSEAS LORAN C CLOSURE—PHASE II

Mr. CARR. A total of $4,800,000 has been provided during the past two years for overseas Loran-C closure project. What has been accomplished to date with that funding? How much of that funding is currently excess to budgeted needs?

[The information follows:]

Our overseas Loran-C closure program involves closure of the Central Pacific Loran-C chain, the Far East section office and Far East Loran-chain, and the Activities Europe Office and the remaining overseas Loran-C stations.

To date, all site work covering Central Pacific Stations at Kure Island, Johnston, and Upolu Point is complete. We are awaiting final environmental reports from the constructor and architect/engineering firms for these stations. We will comply with any actions required by the report.

We have turned over Far East Loran Stations Iwo Jima and Marcus Island, as well as Loran Monitor Station Yokota to the Government of Japan. The tower dismantling at Loran Station Barrigada pends.

Funds requested in fiscal year 1995 to continue our program of overseas Loran closures are based on a best-case scenario, pending the outcome of successful negotiations with host nation governments about the extent of environmental remediation required to close the stations in their countries. Currently, we cannot consider any of the overseas Loran-C closure program funds to be excess. We will review and revise if necessary, our closure cost estimates upon completion of our closure negotiations with the host countries.

Mr. CARR. The 1995 request represents the current best estimates of the costs to turn over, demolish or close 12 overseas

Loran-C stations; is that correct? What is the basis for the estimates?

[The information follows:]

The request is for funds to turn over, demolish, or close 12 Loran-C facilities; eleven stations and one support facility. The request assumes seven Loran stations will be turned over, four will be demolished (including one monitor station and one control station) and the support facility will be closed. Cost estimates were based on required board of survey conducted by the Coast Guard support facility in London.

Mr. CARR. What is the status of the negotiations with the host countries regarding the disposition of the Loran-C sites?

[The information follows:]

We have concluded agreements with Japan and Turkey regarding transfer of stations located in those countries. We are proceeding with negotiations for the transfer of five other stations to their host countries. We anticipate having signed agreements by late summer 1994. Circular-175 authority from the Department of State to conclude and sign these agreements has not yet been granted.

Mr. CARR. What is the worst case scenario for the negotiations? What is the budget impact of the worst case scenario?

[The information follows:]

Seven overseas Loran stations are being negotiated for turn over, four stations are slated to be demolished, including one monitor and one control station and the support facility will be closed. The worst case scenario would be for the host nations of all seven stations, which are being negotiated for turnover, to decide not to take over Loran-C and require the U.S. to close and demolish each of those stations. The budget impact of this for the U.S. would be to increase the estimated cost of closing all twelve remaining overseas Loran facilities to $28 Million.

PERSONNEL AND RELATED COSTS

Mr. CARR. The budget includes $45,000,000 for personnel and related costs, representing an increase of $3,385,000, or 8.1 percent above the 1994 level. How many military and civilian positions and FTEs are assumed in the 1995 request?

[The information follows:]

The 1995 budget request of $45 million for personnel and related costs in the acquisition, construction and improvement appropriation will fund 740 full time positions (FTP) and 693 full time equivalencies (FTE). The military component of the request is 413 FTP/392 FTE. The civilian component is 327 FTP/301 FTE.

AC&I PERSONNEL RESOURCE DATA

Mr. CARR. By program, project, and activity, indicate the changes from 1994 to 1995 in positions and FTEs and the reasons for such changes.

[The information follows:]

1994–1995 changes in personnel resource data in the acquisition, construction and improvement appropriation follow:

PROJECT	LOCATION	FY94 FTP/FTE	FY95 FTP/FTE	NET CHANGE FTP/FTE
VESSELS:				
* Seagoing Buoy Tender (WLB) Replacement Project	Headquarters	17/ 18.5	17/ 17	0/ -1.5
	PRO (WLB)	0/ 0	0/ 0	0/ 0
	RTC	0/ 0	0/ 0	0/ 0
	SUPCEN Baltimore	0/ 0	4/ 1.75	4/ 1.75
	SUPCEN Curtis Bay	2/ 2	6/ 3	4/ 1
	Totals	19/ 20.5	27/ 21.75	8/ 1.25
* Coastal Buoy Tender (WLM) Replacement Project	Headquarters	5/ 5.75	6/ 6	1/ .25
	PRO (WLM)	0/ 0	0/ 0	0/ 0
	R&D Center	2/ 2	2/ 2	0/ 0
	SUPCEN Curtis Bay	3/ 2.25	3/ 3	0/ .75
	Totals	10/ 10	11/ 11	1/ 1
WLB/WLM Project Resident Office	WLB/WLM PRO	61/ 61	61/ 61	0/ 0
Buoy Boat (BUSL) Replacement Project	Headquarters	2/ 2	2/ 2	0/ 0
	PRO/Bellingham, WA	7/ 7	7/ 7	0/ 0
	SUPCEN Curtis Bay	2/ 2	2/ 2	0/ 0
	Totals	11/ 11	11/ 11	0/ 0
** Motor Lifeboat Project (MLB)	Headquarters	8/ 8	8/ 8	0/ 0
	National MLB School	0/ 2	0/ 0	0/ -2
	PRO	5/ 3	10/ 5.75	5/ 2.75
	SUPCEN Baltimore	1/ 1	2/ 1.25	1/ .25
	SUPCEN Curtis Bay	3/ 3.5	2/ 2.25	-1/-1.25
	Totals	17/ 17.5	22/ 17.25	5/ -.25
** Coastal Patrol Boat (CPB) Project	CG Yard	0/ 0	0/ 0	0/ 0
	Headquarters	12/ 10.75	11/ 11	-1/ .25
	PRO	0/ 0	13/ 3.25	13/ 3.25
	RIO Lockport	0/ 0	0/ 0	0/ 0
	SUPCEN Baltimore	0/ 0	1/ .25	1/ .25
	SUPCEN Curtis Bay	0/ 0	2/ .5	2/ .5
	Totals	12/ 10.75	27/ 15	15/ 4.25
Icebreaker Reliability Improvement Project (RIP)	Headquarters	1/ 1	1/ 1	0/ 0
	MLC PAC	11/ 11	11/ 11	0/ 0
	Naval Eng Sup Unit	6/ 6	6/ 6	0/ 0
	Totals	18/ 18	18/ 18	0/ 0
** Icebreaker Replacement Project (PIR)	Headquarters	9/ 9	9/ 9	0/ 0
	MLC LANT	0/ 0	2/ .5	2/ .5
	PRO	20/ 17.75	21/ 20.25	1/ 2.5
	SUPCEN Baltimore	1/ .5	4/ 2.25	3/ 1.75
	SUPCEN Curtis Bay	3/ 1.5	5/ 3.5	2/ 2
	Totals	33/ 28.75	41/ 35.5	8/ 6.75

KEY:
* Project workload decrease
** Project workload increase

PROJECT	LOCATION	FY94 FTP/FTE	FY95 FTP/FTE	NET CHANGE FTP/FTE
*** MACKINAW Project	Headquarters	0/ 0	0/ 0	0/ 0
	MLC LANT	0/ .25	0/ 0	0/ -.25
	Totals	0/ .25	0/ 0	0/ -.25
Polar Class Icebreaker	MLC PAC	1/ 1	1/ 1	0/ 0
Control Console Replacement	Naval Eng Sup Unit	3/ 3	3/ 3	0/ 0
	Totals	4/ 4	4/ 4	0/ 0
**** 378" Shipboard Command and Control System (SCCS)	EECEN, NJ	3/ 1.75	3/ 3	0/ 1.25
**** Surface Search Radar Replacement	EECEN, NJ	3/ 1	3/ 3	0/ 2
*** CIWS/Harpoon Project	Headquarters	0/ .5	0/ 0	0/ -.5
	MLC LANT/PAC	0/ 0	0/ 0	0/ 0
	Totals	0/ .5	0/ 0	0/ -.5
Configuration Management	Headquarters	9/ 9	9/ 9	0/ 0
	SUPCEN Curtis Bay	0/ 0	0/ 0	0/ 0
	Totals	9/ 9	9/ 9	0/ 0
*** 180' WLB Service Life Extension Project (SLEP)	CG Yard	0/ 0	0/ 0	0/ 0
	Headquarters	0/ .5	0/ 0	0/ -.5
	SUPCEN Curtis Bay	0/ .5	0/ 0	0/ -.5
	Totals	0/ 1	0/ 0	0/ -1
210' WMEC Major Maintenance Availability (MMA) Project	CG Yard	4/ 4	4/ 4	0/ 0
	Headquarters	2/ 2	2/ 2	0/ 0
	SUPCEN Baltimore	2/ 2	2/ 2	0/ 0
	SUPCEN Curtis Bay	8/ 8	8/ 8	0/ 0
	Totals	16/ 16	16/ 16	0/ 0
AIRCRAFT:				
* HH60 MRR Helicopter Project	ACFT REP & SUPCEN	3/ 4	0/ 2.25	-3/-1.75
	AVTRACEN Mobile	1/ 1	1/ 1	0/ 0
	Headquarters	6/ 6	1/ 4.75	-5/-1.25
	Totals	10/ 11	2/ 8	-8/ -3
Cockpit Voice Recorder & Flight Data Recorder (CVR/FDR)	ACFT REP & SUPCEN	1/ 1	1/ 1	0/ 0
	Headquarters	1/ 1	1/ 1	0/ 0
	Totals	2/ 2	2/ 2	0/ 0

KEY:
* Project workload decrease
** Project workload increase
*** Project complete or scheduled for completion in FY94
**** New project

PROJECT	LOCATION	FY94 FTP/FTE	FY95 FTP/FTE	NET CHANGE FTP/FTE
*** FLAR Radar Installation Project	ACFT REP & SUPCEN	0/ 6	0/ 0	0/ -6
	Headquarters	0/ .5	0/ 0	0/ -.5
	Totals	0/ 6.5	0/ 0	0/ -6.5
Global Positioning System (GPS) Equipment Installation	ACFT REP & SUPCEN	2/ 2	2/ 2	0/ 0
	Headquarters	1/ 1	1/ 1	0/ 0
	Totals	3/ 3	3/ 3	0/ 0
Traffic Alert & Collision Avoidance System (TCAS)	Headquarters	2/ 2	2/ 2	0/ 0
***** TALON Helicopter Tiedown Project	ACFT REP & SUPCEN	6/ 6	0/ 6	-6/ 0
	Headquarters	0/ 0	0/ 0	0/ 0
	Totals	6/ 6	0/ 6	-6/ 0
OTHER EQUIPMENT:				
* Differential Global Positioning System (DGPS)	CEU Juneau	1/ 1	0/ 1	-1/ 0
	EECEN, NJ	11/ 11	6/ 11	-5/ 0
	Headquarters	1/ 1	1/ 1	0/ 0
	ONSCEN, VA	0/ 1.5	0/ 0	0/ -1.5
	TRACEN, NJ	0/ 0	0/ 0	0/ 0
	Totals	13/ 14.5	7/ 13	-6/ -1.5
Global Maritime Distress & Safety System (GMDSS)	Headquarters	0/ 0	0/ 0	0/ 0
	ISC, VA	1/ 1	1/ 1	0/ 0
	Totals	1/ 1	1/ 1	0/ 0
VHF-FM Radio Communications System Project	Headquarters	0/ 0	0/ 0	0/ 0
	ISC, VA	2/ 2	2/ 2	0/ 0
	Totals	2/ 2	2/ 2	0/ 0
** Vessel Traffic Services (VTS) System	CEU Miami	2/ 1.25	3/ 2.5	1/ 1.25
	CEU Oakland	1/ 1	2/ 1.5	1/ .5
	CG District Eight	0/ 0	2/ .5	2/ .5
	EECEN, NJ	1/ 1	1/ 1	0/ 0
	Headquarters	12/ 11	18/ 14.75	6/ 3.75
	MLC LANT	1/ 1	4/ 2	3/ 1
	Totals	17/ 15.25	30/ 22.25	13/ 7
** Marine Information for Safety & Law Enforcement (MISLE)	Headquarters	7/ 5.5	8/ 8	1/ 2.5
Law Enforcement Information System Project (LEIS)	Headquarters	3/ 3	3/ 3	0/ 0
* Aircraft Maintenance and Management Info Sys (AMMIS)	ACFT REP & SUPCEN	2/ 2	1/ 1	-1/ -1
	Headquarters	0/ 0	0/ 0	0/ 0
	Totals	2/ 2	1/ 1	-1/ -1

KEY:
* Project workload decrease
** Project workload increase
*** Project complete or scheduled for completion in FY94
***** Project scheduled for completion in FY95

	PROJECT	LOCATION	FY94 FTP/FTE	FY95 FTP/FTE	NET CHANGE FTP/FTE
	Conversion of Software Application	EECEN, NJ	4/ 4	4/ 4	0/ 0
	Medical Mgmt Info System	Headquarters	1/ 1	1/ 1	0/ 0
	Migration to Next Standard Workstation	EECEN, NJ	0/ 0	0/ 0	0/ 0
		Headquarters	2/ 2	2/ 2	0/ 0
		Totals	2/ 2	2/ 2	0/ 0
*****	NORPAC LORAN Project	EECEN, NJ	3/ 3	0/ 2.25	-3/ -.75
		Pacific Area Staff	0/ 0	0/ 0	0/ 0
		Totals	3/ 3	0/ 2.25	-3/ -.75
**	System to Automate & Integrate Logistics (SAIL)	Headquarters	9/ 8.5	12/ 11.25	3/ 2.75
	Selected Major Acquisitions	Headquarters	4/ 4	10/ 5.25	6/ 1.25
	Standard Workstation & Mini Computer Recompete	EECEN, NJ	0/ 0	0/ 0	0/ 0
		Headquarters	1/ 1	1/ 1	0/ 0
		ISC, VA	0/ 0	0/ 0	0/ 0
		Totals	1/ 1	1/ 1	0/ 0
AIDS TO NAVIGATION AND SHORE CONSTRUCTION:					
*****	CENPAC LORAN Stations Closure Project	Headquarters	1/ 1	0/ .25	-1/ -.75
*	Shore Construction	CEUs NY, Prov, Clev.	3/ 3	3/ 3	0/ 0
		FD & CC LANT	79/ 79	78/ 78	-1/ -1
		FD & CC PAC	47/ 47	47/ 47	0/ 0
		Headquarters	27/ 27	27/ 27	0/ 0
		MLC LANT	7/ 7	7/ 7	0/ 0
		MLC PAC	11/ 11	10/ 10	-1/ -1
		Totals	174/ 174	172/ 172	-2/ -2
VARIOUS:					
**	CORE PROGRAM STAFF	ACPT REP & SUPCEN	3/ 3	3/ 3	0/ 0
		EECEN, NJ	22/ 22	22/ 22	0/ 0
		Finance Center	6/ 6	6/ 6	0/ 0
		Headquarters	140/ 135	143/141.75	3/ 6.75
		ISC, VA	5/ 5	5/ 5	0/ 0
		SUPCEN Baltimore	15/ 15	15/ 15	0/ 0
		SUPCEN Curtis Bay	30/ 30	30/ 30	0/ 0
		Totals	221/ 216	224/222.75	3/ 6.75
		Grand Totals	704/677	740/ 693	36/16

NOTE: Grand totals for FTE include an 8% lapse rate on civilian positions that is not practical to include in each line item.

KEY:
- * Project workload decrease
- ** Project workload increase
- ***** Project scheduled for completion in FY95

AC&I PERSONNEL COSTS

Mr. CARR. What actions has the Coast Guard taken to ensure that the AC&I account is charged for all costs of staff working on AC&I related activities? What has been done to correct mischarges in previous years resulting from OE-funded staff working on AC&I projects?

[The information follows:]

Criteria has been established for use in determining the proper funding source for billets and positions at units responsible for executing both AC&I and OE programs. This criteria was used last year to validate the funding source for existing billets/positions and appropriate adjustments to the fiscal year 1994 budget request recommended to the conference committee. Adjustments between AC&I and OE were made in the 1994 Appropriations Bill.

This same criteria was used in building the 1995 President's Budget and will be promulgated as formal policy guidance in appropriate Coast Guard directives prior to May 31, 1994.

The Coast Guard is now in the process of determining the extent of mischarges in previous years, as well as the amount of prior year appropriated funds available for use to correct the accounts. Any shortfall will be reported as required by the Anti-Deficiency Act and Office of Management and Budget (OMB) Circular A–34.

GLOBAL POSITIONING SYSTEM

Mr. CARR. The Coast Guard has been investing substantial sums to integrate global positioning system (GPS) technology into its operations. Such new technology will have implications for additional investments for operating new facilities to handle navigation systems and for building and/or upgrading mission related vessels, aircraft, and other equipment. What will be the total amount of Coast Guard investment in the GPS through fiscal year 1994?

[The information follows:]

The cumulative investment in GPS/DGPS technologies by the Coast Guard through fiscal year 1994 equals approximately $37.4 million. The breakdown of funds obligations by appropriation is provided in the below table:

Aquisition, construction, and improvement: (1991–1994)	Personnel (thousands)	Project (thousands)
Differential GPS Implementation	$2,057	$14,400
Aviation GPS Equipment Installations	646	8,100
AC&I totals	2,703	22,500

Operating expenses: (1989–1994)	Personnel (thousands)	O&M (thousands)
DGPS Navigation System Network	$1,521	$1,342
USCG Cutter GPS Electronics Equipment	....	600
GPS Information Center	2,822	577
OE totals	4,343	2,519

Research, development, testing and evaluation: (1986–1994)

	R&D project (thousands)
GPS/DGPS Technology RDT&E	$5,314
RDT&E total	5,314

Mr. CARR. What is the total amount requested for GPS-related operations, acquisition, construction and improvement costs in the fiscal year 1995 budget?

[The information follows:]

New requests for GPS-related items in the fiscal year 1995 budget, including direct personnel costs and operations & maintenance funds for the Coast Guard's differential GPS service follow-on operating expenses equals $1.5 million. The Coast Guard budget also includes an acquisition, construction, and improvements request of $2.3 million for phase V of GPS installations aboard Coast Guard aircraft.

GPS TECHNOLOGY

Mr. CARR. In addition to closing LORAN stations, are there other efficiencies to be gained from the new GPS technology?

[The information follows:]

Yes, GPS is expected to eventually replace the Omega Navigation System. The Coast Guard is evaluating the possibility of accelerating the termination of U.S. participation in Omega. In addition, efficiencies in day-to-day Coast Guard operations are expected when Coast Guard units are outfitted with GPS or differential global positioning system (DGPS) equipment. For example, we expect that GPS/DGPS will decrease the time required to position navigation aids.

Mr. CARR. How has the new technology reduced requirements for tenders and buoys?

[The information follows:]

The global positioning system (GPS) and the Coast Guard's differential global positioning system (DGPS) have greatly increased the accuracy of navigational information. These systems will enhance the ability of Coast Guard to perform virtually all operational missions, including search and rescue, vessel traffic management, law enforcement, ice breaking, and aids to navigation. We expect for the present and near future, buoys and structures will remain the primary navigational aid for the majority of waterway users.

Use of GPS/DGPS technology was a factor considered in our analysis of our buoy tender fleet replacement requirements. The efficiencies realized through the use of DGPS is one of many enhancements permitting the replacement of the current fleet of 37 seagoing (WLB) and coastal buoy (WLM) tenders with only 30 new ships. DGPS information is a key component of the replacement buoy tenders' integrated bridge navigation systems and will greatly enhance all-weather precision navigation. The replacement WLBs will use DGPS-based integrated navigation system in concert with the vessels' dynamic positioning system to provide a station-keeping capability unparalleled in the Coast Guard fleet. This feature should prove invaluable in buoy positioning and other close maneuvering evolutions regardless of weather conditions.

Because GPS technology will enhance the mariner's ability to more precisely identify a vessel's position, the number of aids to navigation required to mark navigable waterways may be reduced over the long term. However, the number of buoy tenders required to service a potential smaller population of aids to navigation would not necessarily be reduced from our current projection for our replacement fleet. We must retain our ability to service all existing aids to navigation and respond to discrepancies in a timely manner to keep our critical waterways safe and open for commerce while ensuring the safety of life, property and our environment. Geography and continued multi-mission capability are major factors that would influence a potential further reduction to the replacement fleet size.

Mr. CARR. Has the Coast Guard realized savings in operations, acquisition and construction costs as a result of the GPS technology? Have these savings been achieved, or are they anticipated?

[The information follows:]

No direct/savings in operations have been realized, but acquisition and construction costs have been avoided. For example, new sea-going (WLB) and coastal (WLM) buoy tenders will be equipped with GPS. As GPS will permit the tenders to accurately set buoys in a wider range of weather conditions, it was a factor in reducing the required number of replacement WLBs/WLMs from 37 to 30.

Using DGPS coupled with transponders, the vessel traffic service in Price William Sound, AK, will use dependent surveillance to monitor and manage tanker traffic. Although the primary benefit from this system will be increased safety, use of the alternative, a radar system, would have increased costs an estimated 500 percent.

Efficiencies in day-to-day Coast Guard operations will result when Coast Guard units are fully outfitted with GPS/DGPS equipment. Integration of precise navigation information from DGPS with radar and electronic charts will increase navigation safety and efficiency. Ice breaking activities will be carried out more accurately and efficiently. Rescue aircraft and vessels will be able to execute search patterns more accurately. Using the high accuracy of GPS as augmented by DGPS, command and control of multiple units will be more efficient in such operations as vectoring units to the scene of an operation, assigning search areas, and conducting exercises. Cutters and aircraft conducting law enforcement operations will be able to more accurately and reliably fix their positions to determine law enforcement jurisdiction and the geographic limits of areas requiring special enforcement.

Additionally, other government agencies will achieve savings through the use of the Coast Guard's DGPS service. Dredging operations and other waterway maintenance activities will be carried out more efficiently by the U.S. Army Corps of Engineers who will no longer need to set up temporary positioning systems. Hydrographic surveys conducted by the Coast and Geodetic Survey will be done faster and more accurately. The Coast and Geodetic Survey also plans to collect GPS data from the Coast Guard DGPS reference stations for their work in maintenance of the national spatial reference system. Various state (e.g. Florida and Maine) environmental protection agencies intend to use the Coast Guard DGPS service in the management of natural resources.

INVENTORY MANAGEMENT

Mr. CARR. The Coast Guard manages about $500,000,000 of spare and repair parts for ships and aircraft. There are concerns that the inventory management problems that have plagued the Department of Defense over the years may also be present in the Coast Guard inventory management system.

When will the consolidation of the Supply Centers at Curtis Bay and Baltimore begin? Were any functions consolidated when Supply Center Baltimore moved from Brooklyn to a site near Curtis Bay?

[The information follows:]

Consolidation of Supply Centers Baltimore (SCB) and Curtis Bay (SCCB) is scheduled to begin in the summer of 1996.

On January 12, 1990, the General Services Administration (GSA) notified the Coast Guard that the buildings housing Supply Center Brooklyn, now Supply Center Baltimore (SCB), were functionally obsolete and that we could expect relocation within the next two to three years. Planning for this move was a major undertaking and needed to begin immediately. One option was clearly to consolidate supply center functions.

The key business processes at both Supply Centers are intricately linked to computer software systems. At the time, the two supply centers operated incompatible and aging hardware and software systems making the consolidation of even portions of supply center functions, in the short term, virtually impossible. After considering the options, the Coast Guard determined that with all the planning necessary to move to a new facility, the risk of undertaking both a physical and information system consolidation at the same time was too great. Therefore, we elected to continue working toward resolving Business Systems incompatibility between the two Supply Centers, while moving to an interim location near Supply Center Curtis Bay.

Our Supply Center Computer Replacement Project (SCCR) is on track in the development of a common software system based on compatible business processes that will allow a consolidation of supply center functions. The two supply centers will be physically consolidated beginning in the summer of 1996, following the completion of the SCCR project and resolution of space issues.

Mr. CARR. About 50 percent of the items stocked by the Aircraft Repair and Supply Center are stocked by the Department of Defense. Why does the Coast Guard stock many of the same items stocked by the Department of Defense?

[The information follows:]

The Aircraft Repair and Supply Center (ARSC) is integrated into the DOD primary inventory control activity and is part of the distribution network and order clearing system. ARSC is a secondary inventory control activity for the DOD stocked items. ARSC does not initiate the purchase of these parts from the vendors, it is simply one of the many customers for these parts in the DOD distribution network. In any distribution network, some stock levels are required and are a function of forecast demand and leadtime. Consolidation of some of these stocks at ARSC reduces our risk of running out of a part and allows us to stock lower total numbers of parts system wide. We use computerized inventory models that use real time data to determine these levels. Most of the DOD stocked items are low cost items or are held in the limited quantities appropriate for buffer stock. Measuring the overall percentage of the number of DOD items stocked to total AR&SC inventory overstates the impact on the Coast Guard inventory investment.

SPARE PARTS VISIBILITY

Mr. CARR. What efforts are being made to gain visibility of the Coast Guard's retail inventory of hull, mechanical, electrical, and electronic spare repair parts? How can Supply Centers Baltimore and Curtis Bay issue free material to units without having visibility of these assets? What controls are in place to prevent waste, fraud, and abuse of this free issue material?

[The information follows:]

The Coast Guard is developing a process to improve inventory visibility by providing total asset visibility from the Supply Centers down to the unit level. A new information system, the fleet logistics system (FLS) module to the system to automate and integrate logistics (SAIL), will provide this visibility. We anticipate having FLS on line and beginning system validation by the fourth quarter of fiscal year 1998.

Supply Centers Baltimore and Curtis Bay currently maintain visibility for repairable, free issue items through an established tracking system which requires the return of a repairable component within a specific time frame. However, we presently have only limited controls on non-repairable free issue items. Accountability for free issue items shifts to the unit upon receipt, where they are controlled locally.

A CG study group is presently analyzing an initiative to eliminate free issue inventory except for such items as high cost, long lead time items. We expect to eliminate free issue for all non-repairable, low cost items during fiscal year 1995. This initiative, in conjunction with our total asset visibility efforts, should reduce the amount of stock in the pipeline, force field inventories down, and dictate a more judicious expenditure of unit funds.

There are controls in place at the unit level which require periodic (annual, semiannual, quarterly) inventory reviews and spot checks in addition to an inventory review of an item at time of issue. A stock inventory inspection program, to be administered by the maintenance and logistics commands, is also being developed.

The inventory tracking improvements built into FLS will further improve our efforts to prevent waste, fraud and abuse.

Mr. CARR. One inventory control point has made a major time and money investment in a new maintenance management information system. Will the other two inventory control points (ICPs) procure standardized systems when they replace their current outdated computers, or will the ICPs continue to operate independent of each other with three different computer systems?

[The information follows:]

The two non-aviation ICPs are replacing their outdated computers and dissimilar software with a common system which is tied to our initiative to consolidate those two ICPs beginning in 1996. We anticipate the capability of the new Aviation Maintenance Management Information System (AMMIS) software will also be used at the non-aviation ICPs. Our goal is to have all ICPs using the same software. The fleet logistics system (FLS) requirements analysis will address the ultimate feasibility of one common ICP system.

EXCESS INVENTORY

Mr. CARR. During the past several years, the department's Office of Inspector General has identified deficiencies relating to logistics management within the Coast Guard. In a report dated July 13, 1993, the IG reported excess inventory at Supply Center Curtis

Bay of more than $20,000,000. What has the Coast Guard done to reduce the long supply inventory at Curtis Bay and other supply centers?

[The information follows:]

The Coast Guard is working hard to improve inventory management at all of our supply centers by aggressively implementing the recommendations of the July 13, 1993 Inspector General (IG) report and by continuing internal management improvement initiatives. However, the Coast Guard does not agree with the IG findings about excess inventory at Curtis Bay. The Coast Guard estimates potential excess inventory at Curtis Bay valued at $1,700,000 as opposed to $20,000,000 reported by the IG.

Follow on discussions were held with the IG on the Curtis Bay inventory. As a result, the IG agreed to a Coast Guard proposal to review each stock item in question using a new economic order quantity inventory model placed in service in February 1994. We expect to complete this review by August 1994, and we will either excess unnecessary inventory or further justify its retention. Inventory management improvements will continue to be a high priority in the Coast Guard.

MARINE SAFETY NETWORK

Mr. CARR. The Coast Guard is currently designing and testing components of its new marine safety network (MSN), an information system that will replace its current marine safety information system. The General Accounting Office reported in August 1992 that the development of the MSN, projected to cost about $35,000,000, was beset with delays and uncertainties that could substantially affect its cost and implementation schedule.

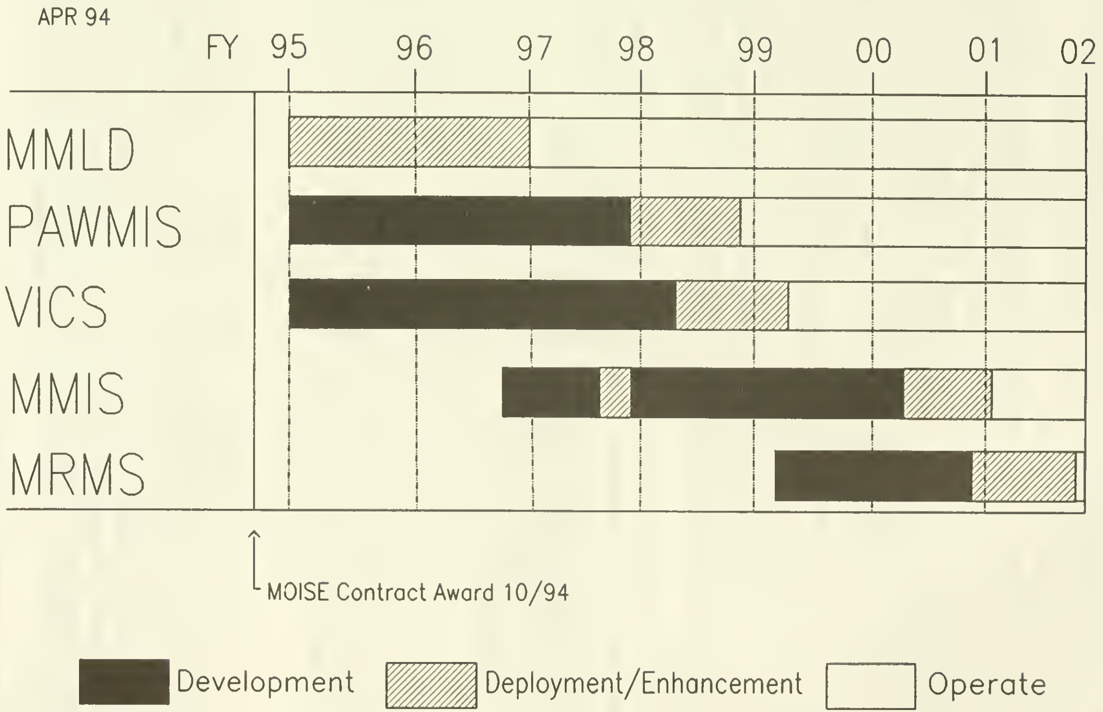
Have there been any further delays or cost increases in the MSN program since the GAO's report in August 1992? What is the current schedule for implementing the MSN?

[The information follows:]

There have been three schedule delays, but no cost increases in the MSN project since 1992. The initial delay resulted when the MSN, VIDS and LEIS II projects were combined as the MISLE project and designated a level III major acquisition. The increased amount of documentation required for major acquisitions significantly delayed solicitation for the software development contract. Following numerous comments from industry, individual modules were further delayed to permit a leveling of the workload over the life of the contract. This phased deployment of functions will assure system completion in the most cost effective manner, while minimizing impacts on field operations. Most recently, we slipped the contract award date two quarters due to the unexpectedly high number of vendor responses, and the increased time required to evaluate all of the proposals.

The current schedule for the MSN portion of the MISLE project is provided below:

MSN DEVELOPMENT/DEPLOYMENT SCHEDULE



Mr. CARR. What testing has occurred to ensure that the MSN meets the needs of its end users? Will it be able to track data to measure the effectiveness of the marine safety program?

[The information follows:]

The marine safety network (MSN) is being developed using a modular approach. The Coast Guard validated the ability of the first module, the merchant mariner's licensing and documentation (MMLD) to meet user needs. This was accomplished by rapid prototyping by Coast Guard Research & Development Center using a commercial contractor. The prototype validated the feasibility of our conceptual approach by detailed examination of USCG field needs within the module. Installation and a formal qualification test (FQT) of MMLD were completed at two field pilot test sites (the Regional Examination Centers in Seattle, WA and New Orleans, LA) and at USCG headquarters. The FQTs verified that the technical functional requirements of the system developed by a representative users group were satisfied. An appropriate validation and testing process will ensure the remaining modules satisfy end-user needs.

A separate module, the Marine Management Information System (MMIS), will measure the ongoing effectiveness of the marine safety program. MMIS functions include vessel casualty analysis, system performance, system configuration control, marine safety analysis, management reporting, violation processing, and policy distribution.

Mr. CARR. How has the development of the MSN been coordinated with the operation of related information systems the Coast Guard uses or is developing, such as the vessel identification and documentation system and law enforcement information system?

[The information follows:]

To ensure coordinated development of the marine safety network (MSN), the vessel identification and documentation system (VIDS) and the law enforcement information system (LEIS II), we have combined all three projects under one project manager. The project is being managed as a level III, major acquisition called marine information for safety and law enforcement (MISLE). The benefits of combining these three systems include: a full-time staff devoted to management of the project; oversight by personnel specifically trained in information system project management; and regular reporting of the project status. Since the functional and data requirements are so similar, system development for all three programs will be provided concurrently by one system engineering contract.

RDT&E FUNDING AND PERSONNEL LEVELS

Mr. CARR. The fiscal year 1995 budget request for the research and development program is $20,310,000, which represents a decrease of nearly 10 percent from the 1994 level. When compared to the 1993 appropriation of $27,815,000, the decrease amounts to 27 percent. On a constant dollar basis, the Coast Guard's research and development program is currently less than half the level experienced during the 1970s. At what point does the Coast Guard's R&D program fall below the critical mass necessary to have a viable program?

[The information follows:]

The R&D program is approaching critical mass at the $20,000,000 level, based on historical program contributions and projected needs. At this level, some critical high priority work of Coast Guard programs needing R&D resources will be deferred and placed on a growing backlog list. It may be possible to restructure and reduce the R&D program below the $20,000,000 level, still maintain critical mass and provide useful R&D support for the Coast Guard. However, such a restructuring has not been explored and would require a detailed study and analysis.

Mr. CARR. Does the overall and fairly consistent funding decline in the R&D effort represent a lessening priority for R&D within the Coast Guard?

[The information follows:]

There is no lessening in priority for RDT&E within the Coast Guard. RDT&E funding has declined primarily because Coast Guard overall budget targets have not been sufficient to accommodate increased operating cost, upward pressures on our acquisition, construction and improvements appropriation, and an increasing RDT&E appropriation. In addition, the drop in RDT&E funding from 1994 to 1995 was intended to provide some "breathing room," while we refocused and restructured the Coast Guard RDT&E program consistent with the findings of several internal high-level studies.

Mr. CARR. Does the fiscal year 1995 level represent the Coast Guard's best estimate of research needs or has the program been constrained by the Office of Management and Budget? What was the Coast Guard's request to OMB for the RDT&E program?

[The information follows:]

The Coast Guard fiscal year 1995 RDT&E Appropriation request to Congress is at the same level as the OMB request. This request is constrained by a very tight budget environment. However, the requested RDT&E level provides an appropriate balance in meeting the total resource requirements of the Coast Guard.

Mr. CARR. Full-time permanent positions in the research and development program decline from 155 in 1993 to 147 in 1994 to a requested 127 in 1995. How do you assess the effect of losing 20 positions in the 1995 program?

[The information follows:]

Since the 1994 and 1995 R&D budgets are lower than the previous years, there will be a decrease in fiscal year 1995's start-up project workload and continuing project workload from fiscal year 1994. The 1995 program should be sufficiently staffed to execute these projects. In the event the RDT&E funding trend reverses and begins to increase in the future, our personnel resources will need to be gradually adjusted upward for successful project execution.

Mr. CARR. How many of the personnel reductions will be made at headquarters, how many at the R&D Center in Groton, and how many at the fire and safety test detachment in Mobile, Alabama? How were the determinations made concerning which positions to eliminate? Will any uniformed or civilian Coast Guard personnel be eliminated from the organization as a result of the downsizing of the R&D effort?

[The information follows:]

None of the personnel reductions will come from the staff of eleven in headquarters and one will come from the seven personnel at the fire and safety test detachment in Mobile. The remaining nineteen reductions will be made at the R&D Center in Groton. The civilian personnel reductions will be made by deleting vacant positions, and the military reductions will be made in areas of decreased project workload. No incumbent civilian personnel will become unemployed due to these reductions, however, twelve civilian positions will be eliminated resulting in a smaller civilian workforce. Twelve military personnel will be eliminated through attrition, reducing the overall military workforce.

ALLOCATION OF 1995 RDT&E BUDGET REQUEST

Mr. CARR. Although the overall 1995 R&D budget request is a drop of about 10 percent from the 1994 amount, there are both winners and losers within the various program activities.

For example, 1994 program level of the marine safety activity was only reduced by $200,000 of the $2,500,000 congressional reduction, decreasing from $4,846,000 in the 1994 budget request to $4,649,000 in the current operating plan. Yet the 1995 program declines to $2,408,000, or only 51 percent of the revised 1994 level. How do you explain the apparent big change in the relative priority of marine safety research from 1994 to 1995?

[The information follows:]

The fiscal year 1995 research and development budget represents a balanced reduction in projects based on overall programmatic priorities and does not target any one program.

The figures for marine safety cited above are primarily a result of a change in presentation and accounting allocation of multi-mission project funding among the seven mission areas, not program emphasis. However, there is a slight decrease in the marine safety direct project funding due to normal, year-to-year project workload shifts, but no significant change in the relative priority of marine safety research.

The figures cited from page 195 in the 1995 request ($4,649,000 for 1994 and $2,408,000 in 1995) include a prorated distribution of "multi-mission" project dollars and program support/personnel costs among the seven mission areas. The decrease from 1994 to 1995 is due in part to a change in the percentages used to calculate this prorated distribution. We intend to validate the procedures and percentages used to prorate the multi-mission and program support/personnel funds among the seven mission areas when building future budget justifications.

Also in 1994, Coast Guard cutter fire safety technology research ($300,000) was included under the marine safety program area; for the 1995 request, this project work ($350,000) was considered to be more appropriately included in the servicewide safety and environmental compliance line item.

Direct project funding (not including multi-mission and program support/personnel) for marine safety research (page 196) is $1,415,000 for 1995 (13.5 percent of total project funds) and $2,695,000 for 1994 (17.3 percent of total project funds). This represents a 3.8 percent change in the marine safety program area's share of total project fund allocation from 1994 to 1995. Shifting Coast Guard cutter fire safety technology research out of the marine safety program area accounts for much of this decrease. If this project work were included under the marine safety program area again in 1995, the marine safety percentage of total project dollars would remain near the 1994 level at 16.9 percent.

Mr. CARR. Let's consider the aids-to-navigation activity. In the 1994 budget, it represented 18.6 percent of the $25,000,000 requested. The activity was assessed 46 percent of the congressional reduction, declining to $3,494,000 in the current plan. It further declines to $2,854,000 in the 1995 budget submission. Does this indicate the Coast Guard is placing a lower relative priority on aids to navigation than in the past? What accounts for this apparent change?

[The information follows:]

No, the Coast Guard is not placing a lower relative priority on aids to navigation (ATON) than in the past. An examination of direct project funding shows an increase in ATON research for fiscal year 1995. The figures cited from page 195 in the 1995 request, $3,494,000 for 1994 and $2,854,000 in 1995, include a prorated distribution of multi-mission project dollars and program support/personnel costs among Coast Guard missions. The apparent decrease reflected in this table from 1994 to 1995 reflects a relative decrease in this distribution of the portion of resource time that Coast Guard multi-mission assets spent conducting the ATON mission in 1993. Direct project funding (not including multi-mission and program support/personnel) for aids to navigation research is $1,325,000 for 1995 (page 196), or 12.7 percent of total project funds and $1,240,000 for 1994, or 10.1 percent of total project funds. Again, we intend to revalidate the procedures and percentages used to apply multi-mission project dollars and program support/personnel costs to the seven mission areas in future budget justifications.

ICE BREAKING OPERATIONS

Mr. CARR. The justifications indicate on page 195 that the Coast Guard intends to devote $498,000 to research and development efforts related to ice-breaking operations in 1995. Does this actually represent work specifically related to ice-breaking operations or is it merely an allocation of overhead expenses?

[The information follows:]

There are no R&D projects specific to the ice operations mission area in our fiscal year 1995 request. However, several of the multi-mission projects will support many mission areas, including ice operations. The amount shown in the program by activities schedule for the RDT&E appropriation (page 195) indicates the relative benefit to the ice operations mission area from project work to be performed in the multi-mission program as listed on page 196. For example, safety aboard Coast Guard cutters involved in ice operations will improve due to Coast Guard vessel hazard research performed under servicewide safety and environmental compliance project. Ice operations will also benefit from operational efficiency improvements gained from the operations information system and advanced communications projects.

COAST GUARD REPORTING PERFORMANCE

Mr. CARR. We discussed earlier the untimely reporting of the Coast Guard regarding housing needs. Another case in point concerns a report requested by the Senate Committee on Appropriations during the 1993 budget cycle. The Senate report was filed on July 30, 1992. It requested a copy of the operational evaluation report on the EC–130V aircraft and the determination on the future use of the aircraft. The report was prepared for the Coast Guard Research and Development Center by the Navy's Air Warfare Test Center at Patuxent River, Maryland. That report is dated January 7, 1993. The Coast Guard's covering letter transmitting the evaluation to the Congress is dated February 10, 1994. The letter indicates that the EC–130 was transferred to the Department of Defense on October 1, 1993.

Why did it take the Coast Guard 13 months after receipt of the operational evaluation report to forward the report to the Congress?

[The information follows:]

As noted in the question, a determination on the future use of the aircraft was also requested in conjunction with the operational evaluation. This was the major reason for the delay in forwarding the report to Congress. This was a difficult issue for the Coast Guard that warranted thorough review by several programs as the operational evaluation showed that this specifically equipped aircraft provided significant operational capabilities. After thorough review the Coast Guard decided that the marginal capability of the EC–130V over our conventional HC–130's didn't justify the significantly increased costs required to operate and maintain this one-of-a-kind aircraft, and the EC–130V was transferred to the Department of Defense.

REPORT TRACKING SYSTEM

Mr. CARR. Does the Coast Guard maintain a centralized tracking system for senior management on the status of reports requested by OST, OMB, and the Congress?

[The information follows:]

Yes. The Coast Guard tracks the status of reports requested of us by the administration and Congress.

Mr. CARR. For the record, provide a paper trail of the EC–130 operational evaluation report from January 7, 1993, to the date of submittal to the Congress, February 10, 1994.

[The information follows:]

The operational evaluation (OPEVAL) of the EC–130V was only one part of the Congressional requirement. The Coast Guard was also required to deliver a determination on the future use of the aircraft. The decision on the disposition of the EC–130V depended in part on the results of the OPEVAL, which was completed on January 7, 1993. Major milestones in the delivery of this report to Congress include:

January 7, 1993—Operational test and evaluation completed by Naval Air Warfare Center, Patuxent River Maryland.

June 29, 1993—Forwarded by Coast Guard Chief of Staff to Office of the Secretary of Transportation for clearance.

January 20, 1994—OST comments provided to Coast Guard.

February 10, 1994—Revisions completed, report signed by the Commandant of the Coast Guard, forwarded to Congress.

Mr. CARR. For the record, provide a paper trail of the Logistics Management Institute report on Coast Guard housing from its completion in September 1992 until its submittal to Congress on January 4, 1994.

[The information follows:]

The Coast Guard decision to contract this report with Logistics Management Institute (LMI) in no way voided the services' interest in its content or the need to clear the report through the Administration. During the clearance process, several discrepancies were discovered that required correction. Reports written by contractors generally carry an administrative delay—issuing contracts, modifying those contracts to reflect necessary editing—these procedures slow the reports' drafting and clearance process. The Coast Guard has taken steps to reduce this delay: contracts are now written to include the revision process; reports are not considered complete until signed and distributed to Congress.

September 1992—Report completed by LMI, Bethesda, MD. Report returned for revision following discussion by USCG Human Resources Coordinating Council.

November 2, 1992—Revised report delivered to USCG Headquarters.

April 22, 1993—Commandant approves report, forwarded to Secretary of Transportation for clearance and signature.

August 17, 1993—Office of Secretary of Transportation requested revisions to report.

December 1, 1993—Revised report forwarded to Office of Secretary of Transportation for signature.

January 4, 1994—Signed by Secretary of Transportation.

RESEARCH, DEVELOPMENT, TEST & EVALUATION

Mr. CARR. Under the information systems technology and development activity of the multimission RDT&E program area, the Coast Guard is budgeting $1,000,000 in fiscal year 1995 for an operations information system. The stated objective is to "develop a common, interoperable and cross-functional operational information system environment to support all Coast Guard missions."

Explain the current state of Coast Guard mission information systems, and the reasons why they are considered inadequate.

[The information follows:]

Problems with the Coast Guard's information systems currently supporting field operations are well documented in several studies: In April 1990, GAO reported; "In many cases . . . information is not collected, readily available, or easily transferable among various Coast Guard units. These problems have affected both program operations and program management."

1. Three separate Coast Guard reports in 1991 identified the following problems:

2. Field personnel often must make redundant entries about a single case in several data systems, increasing station work load.

Information systems are poorly integrated, direct reliable communications are lacking, and cross-program coordination and cooperation are also lacking.

3. Dedicated systems support specific mission areas, but all units and platforms support many different missions. Reporting a day's events requires data entry into several different systems. Data entry is a burden for the stations and vessels, especially the small boats [and small boat stations] that have a high volume [of data] but a small support staff.

In general, existing Coast Guard operational information systems are not adequately integrated, require duplicative data entry, are not accessible by all potential users, and tend to emphasize administrative reporting over direct support for field operations.

Mr. CARR. How will the new system improve Coast Guard operations or management?

[The information follows:]

In short, the new system will save data entry and retrieval time for Coast Guard personnel, allowing them to devote more time to mission-related duties (which will improve operational effectiveness). It will also automatically capture mission performance data, allowing the Coast Guard to improve its management of these missions in the future. The concept demonstrated in the operations information system (OIS) will integrate multiple mission requirements into a single system supporting the tactical information requirements of the Coast Guard's operational units and providing administrative information needed to document mission performance. Instead of adding information systems technology over existing operating procedures, OIS follows the principle of re-engineering operating procedures, while integrating information systems technology. This integration of information systems with operations allows field units to simultaneously conduct missions while automatically capturing mission performance data. The "re-engineering" of the operating procedures to make the information systems organic to operations is necessary to realize the benefits of information technology.

OPERATIONS INFORMATION SYSTEM

Mr. CARR. What do you estimate will be the acquisition cost of the new operations information system?

[The information follows:]

We have not yet completed a comprehensive cost estimate for the operations information system's (OIS) acquisition cost. Cost estimation for OIS acquisition and implementation should be completed this summer as part of the OIS evaluation process and will relate system costs to achievable improvements in mission performance. It is at that point that decisions can be made whether or not to pursue implementation of OIS and the extent of that implementation.

Mr. CARR. Has the Coast Guard performed a cost-benefit analysis for the operations information system issue?

[The information follows:]

No, since the operations information system (OIS) is still in the research and development stage of exploratory development, the Coast Guard has not yet performed a full cost-benefit analysis for OIS. The cost-benefit analysis is part of the pending evaluation process that is planned for completion this summer.

Mr. CARR. Precisely what do you intend to do with the $1,000,000 requested in fiscal year 1995.

[The information follows:]

These funds will continue maintenance of the operations information system (OIS) pilot system test bed installed at Group Long Island Sound, Air Station Cape Cod and the First District command center. With funding, the test bed will be used to evaluate technological advances and potential changes in operating procedure or organization that could improve support to Coast Guard missions. Knowledge gained from the test bed will assist program managers in making decisions about using OIS technology to re-engineer business practices and procedures. Funds will be used to purchase and evaluate new technology for potential incorporation into OIS.

These funds will complete the OIS phase II pilot system development which includes test bed hardware and software, installation on shore and in helicopters, system software correction and enhancement, and end user support and training. These funds would also allow us to begin evaluation of the phase II concepts in an operating environment.

In addition to the test bed specific portions of OIS, we will examine alternatives for multi-level, secure information systems. Security requirements now force many information systems to be physically separated. Evaluation of security advances developed by DOD may allow alternative methods of integrating our classified system with our sensitive, but unclassified systems.

Mr. CARR. Does the Coast Guard intend to contract this effort to outside organizations, or accomplish it using Coast Guard resources?

[The information follows:]

The Coast Guard intends to use a combination of contracts with outside organizations and in-house resources to accomplish RDT&E efforts for the operations information system (OIS).

RDT&E BUDGET PORTRAYAL

Mr. CARR. On page 195 of the budget justifications, the research and development program by activities includes entries for both ice operations and defense readiness. However, the program/line item summary of the research and development budget on the very next page shows every activity, with the exception of ice operations and defense readiness.

Please explain the differences in the two portrayals and indicate exactly what the RDT&E program is for ice operations and defense readiness.

[The information follows:]

The amounts on page 196 show funds primarily devoted to a single program or project area, whereas amounts in the program by activities schedule for the RDT&E appropriation (page 195) include an apportionment of the multi-mission category on page 196 among the seven mission areas. There are presently no R&D projects specific to the ice operations or defense readiness mission areas in the 1995 request; however, by virtue of their broad scope several of the multi-mission projects benefit all mission areas. For example, safety aboard Coast Guard cutters involved in ice operations and defense readiness exercises will improve due to Coast Guard vessel hazard research performed under the servicewide safety and environmental compliance line item. These mission areas will also benefit from operational efficiency improvements gained from the operations information system and advanced communications projects (included in multi-mission line items #4 and #5, respectively).

R&D PROJECT SELECTION

Mr. CARR. Another element under the multimission program area is selection of project research and development, for which $250,000 is budgeted in 1995. One of the issues evaluated in prior years was the Norwegian crew concept. Additional evaluations of this effort were funded under the operating expenses account. Please describe the nature of the work done under this project on the NORCREW concept and indicate how it differs from the effort funded in operating expenses. Why was this effort funded in both accounts? Was there any coordination of efforts?

[The information follows:]

Norcrew evaluations were conducted in accordance with Coast Guard policy on the use of appropriations. Research development test and evaluation (RDT&E) funds were used to test hardware and human factors associated with the NORCREW test vessel. Operating expenses (OE) funding was appropriately used for the operational testing and evaluation (OT&E) because the Norcrew vessel completely replaced all existing OE funded assets at the test station. During the OT&E, the Norcrew vessel performed all operational missions (including emergency cases) normally performed at a multi-mission station. There was no mixing of OE and RDT&E funds. Since the technical and operational evaluations were so compatible, we performed the OE and RDT&E tasks over the same period. The funding and project management were closely coordinated.

1994 CONGRESSIONAL REDUCTION

Mr. CARR. Last year, the Coast Guard budgeted $7,840,000 for personnel and related expenses for the research, development, test, and evaluation program. Although the Congress cut the overall 1994 RDT&E effort by $2,500,000, or 10 percent, none of the reduction was applied to the personnel and related costs category; is that correct? Why wasn't the personnel and related costs element reduced?

[The information follows:]

No personnel reductions were made as a result of the ten percent budget cut. Eight positions had already been cut in the 1994 budget request. Although the total budget level affects the project workload, there is not a linear relation between the budget level and the personnel level for any particular budget year. The nature of R&D projects is that they are multi-year and, excluding start-up and close-out, require a fairly steady level of staff hours over the life of a project. Hence, the 1994 R&D staffing level is based on the projected 1994 workload and the continuing workload from previous years' projects. The 1992 and 1993 budget levels were appreciably higher and required a 1994 staffing level of sufficient size to continue/finish work started in these fiscal years.

1995 R&D PERSONNEL INCREASE

Mr. CARR. The 1995 request for personnel and related costs is $8,365,000, representing an increase of $525,000, or 6.7 percent above 1994. Especially with a projected pay raise of only 1.6 percent, why should these costs be increasing so much?

[The information follows:]

The major reason for the marked increase in fiscal year 1995 is that the 1994 figure did not include a military cost of living adjustment or a civilian locality pay adjustment as they were not included in the 1994 budget planning factors. Another factor adding to he increase is the elimination of errors in earlier cost estimation models. A zero-based method of estimating personnel costs was developed in 1993 to improve the previous incremental method. This new method, however, did not properly account for increases in cost of benefits, or for promotions, awards, and step increases, thus understating 1994 needs. The 1995 estimate corrects these errors and includes both the 1994 and 1995 pay raises.

Mr. CARR. For the record, provide a detailed breakout of all categories of expenses included within the personnel and related costs element. Please provide such information in all future budget justification material submitted to the Committee.

[The information follows:]

The breakout of personnel and related cost categories is:
Military pay: $2.31 million.
Civilian pay and benefits: $5.35 million.
Reimbursement to the operating expenses appropriation for standard personnel support costs, which include (for both military and civilian): $705 thousand.
Permanent change of station costs: $113 thousand.
Facility operating and minor maintenance costs: $405 thousand.
Personnel training costs: $67 thousand.
Medical costs (military only): $120 thousand.
Total costs: $8.365 million.
We will submit this detailed breakout in future budget justification materials.

VESSEL SURVEY AND DESIGN

Mr. CARR. The fiscal year 1994 budget included $500,000 for survey and design of Coast Guard cutters and boats. Given that most cutter and boat major acquisition projects are already under way, why does this activity require a 50 percent increase in 1995 to a requested $750,000?

[The information follows:]

The additional $250,000 is needed to complete survey and design work that was deferred in 1994. The deferral resulted from a need to accomplish an unanticipated, high priority, concept of operations feasibility study and engineering design work to evaluate possible acquisition of T–AGOS vessels from the U.S. Navy. Design feasibility studies for the WHEC/WMEC replacement and stability design criteria benefiting several ongoing projects/acquisitions including the WHEC/WMEC, WLB and polar icebreaker replacements were displaced. This deferred work is rescheduled to start in 1995 in addition to ongoing trade-off studies and point designs, hull and bow form model tests, ice load impact studies and hull loading criteria development.

INITIAL SPARES AND SPARE PARTS

Mr. CARR. For each applicable item reflected in the fiscal year 1995 request under acquisition, construction and improvements, detail the amount included for initial spares and spare parts. Please include such information in all future budget justifications for the AC&I account.

[The information follows:]

Fiscal year 1995 request for spare parts includes:

Spare parts request

Project	*Millions*
Polar icebreaker	$4.6
Motor lifeboat	2.4
Seagoing buoy tender (1 Hull)	1.2
Coastal buoy tender (3 Hulls)	2.4
Coastal patrol boat	0.7
Buoy boats	1.3

We will include this type of information in all future budget justifications for the AC&I appropriations.

PROGRAM EVALUATION FUNDING SOURCES

Mr. CARR. The justifications for the seagoing buoy tender, coastal buoy tender and the buoy boat replacement programs indicate that some test and evaluation work is or has been funded through the acquisition, construction, and improvements account. Alternatively, for the 47-foot, motor lifeboat program, there is no mention of test and evaluation work in the AC&I account. But the following statement appears in the research and development justification under search and rescue: "Evaluation of SAR platform and sensors. Initiate evaluation of search parameters and performance characteristics of new platforms (47-foot motor lifeboat and 110-foot patrol boat) $325,000."

Why does the Coast Guard apparently budget for certain vessel evaluation efforts under the acquisition, construction, and improvements account and budget for similar work for other programs under the research, test, development and evaluation account? What policy or guidance does the Coast Guard have to dictate how to budget for evaluation costs?

[The information follows:]

The evaluations are not similar in nature, scope or purpose. Once a project is designated as a major acquisition, it is the Coast Guard's policy that all costs associated with the acquisition, including evaluations, should be funded by the AC&I account. Developmental test and evaluation (DT&E) is conducted to verify that the vessel design is technically sound and producible, and that the vessel meets the specifications of the contract. Once DT&E is successfully completed, operational test and evaluation (OT&E) is conducted to ensure the vessel can effectively perform the operational missions assigned. Depending on the scope and type of acquisition, independent evaluations are sometimes used to verify these assessments.

General evaluation of SAR platforms and sensors is an on-going research and development effort conducted in support of the Coast Guard search and rescue program, specifically in the area of search planning. As new sensors and platforms are added to the Coast Guard inventory, their search detection and execution capability must be precisely determined and incorporated into Coast Guard probability of detection models used to plan searches and deploy assets. Since the 47-foot MLB will be added to the inventory, search model information must be updated to account for its unique capabilities. This type of testing is unrelated to the acquisition process and has routinely been funded by the research, development, test and evaluation account.

R&D PROGRAM ADMINISTRATIVE EXPENSES

Mr. CARR. The personnel activity of the acquisition, construction, and improvements account includes $45,000,000 for the personnel expenses of Coast Guard employees managing the projects funded in the AC&I account. Included in that total is $6,000,000 for personnel costs and $2,000,000 for support services, miscellaneous equipment, materials and travel expenses. That being the case, why is it necessary to budget additional amounts in several of the acquisition programs for "project resident office administration" and "project administration and support services"?

For example, the seagoing buoy tender project includes $850,000; the coastal buoy tender program includes $800,000; the buoy boat replacement program includes $300,000; and the 47-foot motor lifeboat program includes $135,000 for these administrative functions. Provide examples of the types of administrative expenses funded in the personnel activity and those funded in the various programs. Also, provide the policy guidance that governs whether administrative expenses are funded in the personnel activity or under an individual program.

[The information follows:]

Current Coast Guard budget policy requires that all expenses associated with an AC&I project, including project administration and support services costs, be included in the project budget request. This, when combined with the standard personnel costs of those people specifically assigned to the project, allows the Coast Guard to account for virtually all costs of each AC&I project or program.

However, there are some administrative expenses associated with the total Coast Guard AC&I program that cannot be easily charged against individual projects. These costs ($2 million in 1995) are included in the personnel and related costs budget request. Examples of these types of costs include consumables, computer support, and administrative services such as printing and photocopying for units that deal with a variety of AC&I projects. Other examples are travel and training for core staff personnel who support various AC&I projects to varying degrees during the year. This includes quality assurance and legal staff, command staff and some naval, civil and electronics engineers. The Coast Guard Office of Acquisition, the Office of Engineering, Logistics and Development, the shore construction divisions at the two Maintenance and Logistics Commands, and the two Facilities Design and Construction Centers are the primary users of these general administrative and support services funds.

Administrative expenses, support services costs and travel or training specifically required for the planning and execution of individual projects are included in the budget request for the project. Especially where an AC&I project is executed at a project resident office on site, these costs are easily estimated and accounted for in the specific project budget.

Currently, there is no written formal policy guidance for use in making determinations about whether administrative costs should be included in the specific project budget or the personnel and related costs request. These determinations are made by the Office of the Chief of Staff during the annual budget build process. Formal policy guidance on this issue will be promulgated no later than May 31, 1994.

AC&I PERSONNEL POSITIONS

Mr. CARR. Please update the listing of all AC&I-funded personnel depicted on pages 1128 through 1131 of the 1994 hearing volume. Also, explain any changes from the information provided last year.

[The information follows:]

	PROJECT	LOCATION	CO	CWO	ENL	CIV
****	180' WLB Service Life Extension Project (SLEP)	CG Yard	0	0	0	0
		Headquarters	0	0	0	0
		SUPCEN Curtis Bay	0	0	0	0
		Totals	0	0	0	0
***	210' WMEC Major Maintenance Availability (MMA) Project	CG Yard	2	2	0	0
		Headquarters	1	1	0	0
		SUPCEN Baltimore	0	0	1	1
		SUPCEN Curtis Bay	0	2	6	0
		Totals	3	5	7	1
*	378' Shipboard Command and Control System (SCCS)	EECEN, NJ	2	0	1	0
	Aircraft Maintenance and Management Info Sys (AMMIS)	ACFT REP & SUPCEN	2	0	0	0
		Headquarters	0	0	0	0
		Totals	2	0	0	0
***	Buoy Boat (BUSL) Replacement Project	Headquarters	2	0	0	0
		PRO/Bellingham, WA	2	2	3	0
		SUPCEN Curtis Bay	0	0	2	0
		Totals	4	2	5	0
	CENPAC LORAN Stations Closure Project	Headquarters	1	0	0	0
****	CIWS/Harpoon Project	Headquarters	0	0	0	0
		MLC LANT/PAC	0	0	0	0
		Totals	0	0	0	0
	Configuration Management	Headquarters	4	1	3	1
		SUPCEN Curtis Bay	0	0	0	0
		Totals	4	1	3	1
*	Conversion of Software Application	EECEN, NJ	2	0	0	2
	Cockpit Voice Recorder & Flight Data Recorder (CVR/FDR)	ACFT REP & SUPCEN	0	0	0	1
		Headquarters	0	1	0	0
		Totals	0	1	0	1
***	Differential Global Positioning System (DGPS)	CEU Juneau	0	0	0	1
		EECEN, NJ	3	1	7	0
		Headquarters	0	0	0	1
		ONSCEN, VA	0	0	0	0
		TRACEN, NJ	0	0	0	0
		Totals	3	1	7	2
****	PLAR Aircraft Radar Installation Project	ACFT REP & SUPCEN	0	0	0	0
		Headquarters	0	0	0	0
		Totals	0	0	0	0
	Global Maritime Distress & Safety System (GMDSS)	Headquarters	0	0	0	0
		ISC, VA	0	0	0	1
		Totals	0	0	0	1
	Global Positioning System (GPS) Equipment	ACFT REP & SUPCEN	0	0	1	1
		Headquarters	1	0	0	0
		Totals	1	0	1	1

PROJECT	LOCATION	CO	CWO	ENL	CIV
*** MH60 MRR Helicopter Project	ACFT REP & SUPCEN	0	0	0	3
	AVTRACEN Mobile	1	0	0	0
	Headquarters	5	0	1	0
	Totals	6	0	1	3
Icebreaker Reliability Improvement Project (RIP)	Headquarters	1	0	0	0
	MLC PAC	2	1	0	8
	Naval Eng Sup Unit	2	0	4	0
	Totals	5	1	4	8
** Icebreaker Replacement Project (PIR)	Headquarters	7	0	1	1
	PRO	8	3	9	0
	SUPCEN Baltimore	0	0	0	1
	SUPCEN Curtis Bay	0	1	2	0
	Totals	15	4	12	2
Law Enforcement Information System Project (LEIS)	Headquarters	1	0	0	2
**** MACKINAW Project	Headquarters	0	0	0	0
	MLC LANT	0	0	0	0
	Totals	0	0	0	0
** Marine Information for Safety & Law Enforcement (MISLE)	Headquarters	5	0	0	2
Medical Mgmt Info Sys	Headquarters	1	0	0	0
*** Migration to Next Standard Workstation	EECEN, NJ	0	0	0	0
	Headquarters	1	0	0	1
	Totals	1	0	0	1
** Motor Lifeboat Project (MLB)	Headquarters	4	2	0	2
	National MLB School	0	0	0	0
	PRO	2	2	1	0
	SUPCEN Baltimore	0	0	1	0
	SUPCEN Curtis Bay	0	0	3	0
	Totals	6	4	5	2
NORPAC LORAN Equipment Project	EECEN, NJ	1	0	0	2
	Pacific Area Staff	0	0	0	0
	Totals	1	0	0	2
Coastal Patrol Boat (CPB) Project	CG Yard	0	0	0	0
	Headquarters	9	0	0	3
	PRO	0	0	0	0
	RIO Lockport	0	0	0	0
	SUPCEN Baltimore	0	0	0	0
	SUPCEN Curtis Bay	0	0	0	0
	Totals	9	0	0	3
Polar Class Icebreaker Control Console Replacement	MLC PAC	0	1	0	0
	Naval Eng Sup Unit	1	1	1	0
	Totals	1	2	1	0

	PROJECT	LOCATION	CO	CWO	ENL	CIV
**	System to Automate & Integrate Logistics (SAIL)	Headquarters	4	0	1	4
	Selected Major Acquisitions	Headquarters	1	1	0	2
**	Shore Construction	CEUs NY, Prov, Clev,	3	0	0	0
		FD & CC LANT	14	1	3	61
		FD & CC PAC	10	0	1	36
		Headquarters	6	0	0	21
		MLC LANT	2	1	2	2
		MLC PAC	1	3	1	6
		Totals	36	5	7	126
***	Standard Workstation & Mini Computer Recompete	EECEN, NJ	0	0	0	0
		Headquarters	0	0	0	1
		ISC, VA	0	0	0	0
		Totals	0	0	0	1
*	Surface Search Radar Repl	EECEN, NJ	1	0	2	0
	TALON Helicopter Tiedown Project	ACFT REP & SUPCEN	0	0	0	6
		Headquarters	0	0	0	0
		Totals	0	0	0	6
	Traffic Alert & Collision Avoidance Sys (TCAS)	Headquarters	2	0	0	0
**	Vessel Traffic Services (VTS) System	CEU Miami	1	0	0	1
		CEU Oakland	0	0	0	1
		EECEN, NJ	1	0	0	0
		Headquarters	5	0	0	7
		MLC LANT	1	0	0	0
		Totals	8	0	0	9
***	VHF-FM Radio Communications System Project	Headquarters	0	0	0	0
		ISC, VA	1	1	0	0
		Totals	1	1	0	0
***	Seagoing Buoy Tender (WLB) Replacement Project	Headquarters	12	1	0	4
		PRO (WLB)	0	0	0	0
		RTC	0	0	0	0
		SUPCEN Baltimore	0	0	0	0
		SUPCEN Curtis Bay	0	1	1	0
		Totals	12	2	1	4
***	Coastal Buoy Tender (WLM) Replacement Project	Headquarters	3	0	0	2
		PRO (WLM)	0	0	0	0
		R&D Center	1	1	0	0
		SUPCEN Curtis Bay	0	1	2	0
		Totals	4	2	2	2
*	WLB/WLM Project Resident Office	WLB/WLM PRO	23	10	28	0

PROJECT	LOCATION	CO	CWO	ENL	CIV
** CORE PROGRAM STAFF	ACFT REP & SUPCEN	1	0	1	1
	EECEN, NJ	9	3	4	6
	Finance Center	0	0	0	6
	Headquarters	34	4	7	95
	ISC, VA	3	0	2	0
	SUPCEN Baltimore	1	0	4	10
	SUPCEN Curtis Bay	2	1	15	12
	Totals	50	8	33	130
	Grand Totals	215	50	121	318

KEY:
- * New project
- ** Project workload increase
- *** Project workload decrease
- **** Project complete or scheduled for completion in FY94

NOTE: All projects shown on FY93 report, that are not on this report, have been completed.

AC&I AVERAGE FTES

Mr. CARR. Update the data on average AC&I full-time equivalency rate shown on page 1132 of the 1994 hearing volume.

[The information follows:]

The following table updates the average cost for AC&I funded FTE.

Fiscal year:	*Cost*
1988	$48,300
1989	50,100
1990	52,700
1991	54,400
1992	56,600
1993	58,700
1994 (estimate)	60,400

The FTE rates shown above include personnel compensation and benefits, and personnel support costs (standard operating expense cost reimbursement for permanent change of station travel, training, medical, and miscellaneous operating and maintenance costs). Not included in the average FTE rate data re two cost elements (Miscellaneous equipment, materials and travel, and acquisition support services) which are shown on the personnel and related costs budget justification sheet. These two items do not relate directly to the number of FTE requested.

AC&I UNOBLIGATED BALANCES

Mr. CARR. Provide a breakdown of all AC&I unobligated balances in the format contained on pages 1133 through 1138 of the 1994 hearing volume.

[The information follows:]

ACQUISITION, CONSTRUCTION, AND I MENTS APPROPRIATION
UNOBLIGATED BALANCES BY CT

YEARS FUNDS APPROPRIATED	PROJECT TITLE - VESSELS	UNOBLIGATED BALANCES ACTUAL AS OF 31 DEC 1993	UNOBLIGATED BALANCES ESTIMATE AS OF 30 SEP 1994	REASON FUNDS NOT YET OBLIGATED	MAJOR OBLIG. OF CARRIED OVER FUNDS DURING (QTR/YR)
92	32' PORTS/WATERWAYS BOATS	$1,784,937	$180,465	ON SCHEDULE	1/95
90,1,2,3,4	210-FOOT WMEC MMA	$43,923,128	$0	ON SCHEDULE	--
90,1,2	378-FOOT WHEC FRAM	$3,533,809	$2,090,973	RECONCILING FOR CLOSEOUT	--
91,2,3,4	BUOY BOAT REPLACEMENT	$1,051,713	$89,000	ON SCHEDULE	1/95
91,2,3,4	COASTAL BUOY TENDER (WLM)	$5,267,396	$1,804,000	ON SCHEDULE	2/95
91,2,3,4	CONFIGURATION MANAGEMENT	$2,040,569	$8,000	ON SCHEDULE	--
91	CONSTRUCTION OF ATON BARGES	$145,158	$145,158	ON SCHEDULE	--
94	FT4A TURB LOGISTICS	$3,000,000	$2,500,000	ON SCHEDULE	1/96
92,3	MACKINAW RENOVATE	$193,881	$0	ON SCHEDULE	--
90,1,2,3	MOTOR LIFEBOAT REPLACEMENT-MLB	$2,896,278	$100,000	PROGRAM SLIPPAGE	4/95
93	MROD EQUIPMENT (DESALINIZATION)	$200,000	$950	CONTRACT AWARDED 09/30/93	4/93
90,1,2,3,4	OCEANGOING BUOY TENDER (WLB)	$59,665,223	$22,674,000	BALANCE INCLUDES PENDING $20M RESCISSION	2/95
91,2,3	PATROL BOAT REPLACEMENT	$1,831,840	$0	ON SCHEDULE	--
90,1,2,4	POLAR I/B M/P CONSOLS	$3,000,000	$500,000	ON SCHEDULE	1/95
90,1,3	POLAR ICEBREAKER RELIABILITY	$10,564,340	$5,040,000	PROGRAM SLIPPAGE	2/95
90,2,4	POLAR ICEBREAKER REPLACEMENT	$7,363,962	$0	ON SCHEDULE	4/95
90,3	REPLACEMENT BOATS FOR CUTTERS	$5,070,368	$5,070,368	CONTRACT AWARD SLIPPED	3/94
94	SHIP COMD & CONTROL SYS (SCCS)	$3,855,413	$109,322	ON SCHEDULE	--
93	SPECIFIC EMITER ID SYST	$2,500,000	$2,500,000	PENDS EVALUATION OF TECHNICAL APPROACHES	3/95
94	SURFACE SEARCH RADAR	$4,341,188	$3,300,000	CONTRACT AWARD SLIPPED	2/95
90,1,2,3,4	SURVEY & DESIGN - VESSELS	$1,444,437	$150,000	ON SCHEDULE	2/95
90,1	WLB SERVICE LIFE EXTEND (SLEP)	$3,010,489	$2,548,179	ON SCHEDULE	2/95
93	YOCONA RE-ENGINE	$4,409,080	$4,409,080	PENDS OVERALL DECISION ON TADOS	--
	SUBTOTAL, VESSELS	$171,093,210	$53,219,495		

ACQUISITION, CONSTRUCTION, AND I MENTS APPROPRIATION
UNOBLIGATED BALANCES BY CT

YEARS FUNDS APPROPRIATED	PROJECT TITLE - AIRCRAFT	UNOBLIGATED BALANCES ACTUAL AS OF 31 DEC 1993	UNOBLIGATED BALANCES ESTIMATE AS OF 30 SEP 1994	REASON FUNDS NOT YET OBLIGATED	MAJOR OBLIG. OF CARRIED OVER FUNDS DURING (QTR/YR)
91,2,3,4	AIRCRAFT CVR'S & FDR'S	$9,461,435	$3,985,000	PENDS PROJECT RESCOPE DECISION	--
NO YR	APS RADAR - DRUG NO YEAR	$632,442	$632,442	ON SCHEDULE	--
90,2,3,4	GLOBAL POSITIONING SYS	$1,403,557	$1,391,857	ON SCHEDULE	--
94	H-65/HU-25 SIMULATOR	$1,300,000	$636,000	ON SCHEDULE	--
91	HH-65 LTS-101 ENGINE REPLCMT	$666,887	$666,887	ON SCHEDULE	--
94	HH-65 TRANS GEARBOX	$2,000,000	$0	ON SCHEDULE	--
93	HU-25 AIREYE SYSTEMS	$4,394,613	$194,613	ON SCHEDULE	--
90,1,2	MRR HELICOPTER - HH60	$8,343,614	$0	ON SCHEDULE	--
91,2,3,4	MRR HELICOPTER - HH60 - OPBAT	$41,729,328	$5,697,000	ON SCHEDULE	3/95
91,3	NIGHT VISION GOGGLES	$2,592,865	$0	ON SCHEDULE	--
91,2,3	RG-8 IMPROVEMENTS	$372,089	$218,960	ON SCHEDULE	--
90,1,2	TALON	$3,077,443	$1,511,071	ON SCHEDULE	--
93,4	TCAS	$4,456,640	$800,000	ON SCHEDULE	--
	SUBTOTAL, AIRCRAFT	$80,430,913	$15,733,830		

ACQUISITION, CONSTRUCTION, AND I MENTS APPROPRIATION
UNOBLIGATED BALANCES BY .T

YEARS FUNDS APPROPRIATED	PROJECT TITLE - OTHER EQUIPMENT	UNOBLIGATED BALANCES ACTUAL AS OF 31 DEC 1993	UNOBLIGATED BALANCES ESTIMATE AS OF 30 SEP 1994	REASON FUNDS NOT YET OBLIGATED	MAJOR OBLIG. OF CARRIED OVER FUNDS DURING (QTR/YR)
90,1,3	AR&SC COMPUTER - REPLACE	$1,855,606	$102,651	ON SCHEDULE	--
92,3,4	COMSTA AUTOMATION	$7,410,542	$2,503,528	ON SCHEDULE	1/95
NO YR	COMSTA MIAMI RESTORE (ANDREW)	$8,637,552	$7,287,552	ON SCHEDULE/$2M FOR MIDWEST FLOOD	--
93,4	DEFENSE LOG MODERNIZATION	$4,273,562	$1,573,562	ON SCHEDULE	4/95
92,3,4	DIFFERENTIAL GPS	$12,302,537	$4,322,949	ON SCHEDULE	3/95
92,3	GLOBAL MARITIME DISTRESS SYS	$1,661,479	$839,479	ON SCHEDULE	--
90	GLOBAL POSITIONING SYS	$1,258,501	$0	ON SCHEDULE	--
90	HC-130 FLAR	$2,758,003	$0	ON SCHEDULE	--
93,4	HEALTH SERVICES MIS	$2,016,883	$1,500,000	ON SCHEDULE	3/95
91,2	LEIS IMPROVEMENTS	$846,345	$327,198	ON SCHEDULE	--
94	MARINE INFO/LE SYS	$4,600,000	$4,600,000	DELAYED DUE PROJECT CONSOLIDATION	1/95
91	MARINE SAFETY INFORMATION SYS	$1,669,448	$1,406,095	ON SCHEDULE	1/95
92	MARINE SAFETY NETWORK	$3,498,747	$0	PEND REPROGRAMMING TO VTS	--
94	MINOR AIS PROJ	$1,000,000	$100,000	ON SCHEDULE	--
92,3	NATIONAL STRIKE FORCE EQUIPMENT	$4,064,619	$0	DEFINING REQUIREMENTS AND SPECS	--
93,4	OIL SPILL SIMULATOR	$2,500,000	$0	ON SCHEDULE	--
91	OILSPILL EQUIP RESPONSE INV	$499,993	$499,993	DELAYED DUE PROJECT CONSOLIDATION	--
92	OPCEN COMPUTER REPLACE	$2,000,000	$0	ON SCHEDULE	--
92,3,4	PMIS/JUMPS	$4,763,051	$1,881,466	ON SCHEDULE	3/95
90	PORTABLE INTELLIGENCE COLLECT	$372,994	$0	ON SCHEDULE	--
92,3,4	SAIL	$6,921,871	$3,573,958	ON SCHEDULE	--
92,3	SATCOM ON CUTTERS	$2,422,890	$1,172,890	ON SCHEDULE	1/95
92,3	SCCB COMPUTER SYS REPLACE	$1,368,457	$406,586	ON SCHEDULE	--
94	SOFTWARE CONVERSION	$3,855,413	$716,000	ON SCHEDULE	--
93	TRANS TO NEXT GEN CG WKSTATION	$3,404,100	$2,754,100	ON SCHEDULE	--
92	TRANSPORTABLE COMM CENTERS	$348,263	$0	ON SCHEDULE	--
92,3	VHF-FM SITE UPGRADE	$1,563,177	$0	ON SCHEDULE	--
93,4	VTS 2000	$16,008,026	$9,700,000	CONTRACT AWARD SLIPPAGE	1/96
94	VTS EQUIP REPLACE	$3,000,000	$0	ON SCHEDULE	--
92	VTS HOUSTON/GALVESTON	$1,198,159	$424,000	ON SCHEDULE	--
91,2	VTS NY	$132,792	$0	ON SCHEDULE	--
93	VTS PRINCE WM SOUND	$3,885,413	$0	ON SCHEDULE	--
92	VTS PUGET SOUND	$145,003	$0	ON SCHEDULE	--
92,3	VTS SAN FRANCISCO	$141,000	$0	ON SCHEDULE	--
94	VTS UPGRADES	$3,680,000	$0	ON SCHEDULE	--
					--
	SUBTOTAL, OTHER EQUIPMENT	$116,064,427	$45,692,007		

ACQUISITION, CONSTRUCTION, AND I :MENTS APPROPRIATION
UNOBLIGATED BALANCES BY CT

YEARS FUNDS APPROPRIATED	PROJECT TITLE - SHORE FACILITIES	UNOBLIGATED BALANCES ACTUAL AS OF 31 DEC 1993	UNOBLIGATED BALANCES ESTIMATE AS OF 30 SEP 1994	REASON FUNDS NOT YET OBLIGATED	MAJOR OBLIG. OF CARRIED OVER FUNDS DURING (QTR/YR)
92	A/S BARB PT RAMP	$326,560	$0	REPROGRAMMING SOURCE (LITTLE CREEK)	--
94	A/S BORINQUEN RINSE RACK	$6,300,000	$6,300,000	PROJECT UNDER REVIEW	--
92	A/S DETROIT DELUGE SYS	$65,000	$0	PROJECT COMPLETE	--
91	A/S KODIAK - RAMP	$115,000	$0	PROJECT COMPLETE	--
92	ACADEMY CHILD CARE FAC	$180,000	$0	REPROGRAMMING SOURCE (LITTLE CREEK)	--
91	AIRFAC CHARLESTON - ESTABLISH	$837,000	$700,000	OUTFITTING/SAVANNAH SITE	1/95
92	AIRFAC NEWPORT HANGER	$120,000	$0	PROJECT COMPLETE	--
93	BASE HONOLULU GROUP ADMIN/COMMS B	$103,000	$0	OUTFITTING	--
93	BASE HONOLULU SUPPLY FAC	$735,000	$299,000	OUTFITTING	1/95
92	BASE SW HARBOR MAINE	$385,925	$0	ON SCHEDULE	--
91	BURLINGTON, VT-RPL STN BRLGTN.	$1,200,000	$100,000	ON SCHEDULE	--
94	CAMSLANT TRNSMTR BLD	$4,400,000	$2,050,000	ON SCHEDULE	1/95
93	CENTPAC LORAN CLOSURE	$1,618,578	$220,000	ON SCHEDULE	2/95
91	CHINCOTEAGUE, VA- GRP E.SHORE	$209,977	$185,000	ON SCHEDULE	--
93	COMSTA NEW ORLEANS TRANSMITTER BL	$835,957	$100,000	OUTFITTING	--
91	EAST TAWAS, MI-REBUILD STN	$708,517	$708,517	PENDS REAL PROPERTY SETTLEMENT	2/95
94	ELIZ CITY PERIM RD	$2,800,000	$180,000	ON SCHEDULE	1/95
92	GP SANDY HOOK PIER	$959,089	$0	ON SCHEDULE	--
93	GRP/AS NORTN BEND FACILITY IMPROV	$1,258,189	$500,000	OUTFITTING	2/95
93	GRP/STA FT MACON MULTI PURPOSE BL	$3,300,000	$275,000	OUTFITTING	1/95
90,1,2,3,4	MINOR SHORE - GENERAL	$8,676,300	$2,440,000	ON SCHEDULE	1/95
93	MSO TAMPA ADMIN BLDG	$1,200,000	$0	ON SCHEDULE	2/95
92,4	NATCHEZ MORRINGS	$3,100,000	$0	ON SCHEDULE	--
91,2,3	NORPAC LORAN-C	$940,063	$400,000	OUTFITTING	3/95
94	NORTH BEND MED/DENT	$2,900,000	$2,900,000	IG AUDIT/REVIEW OF PROJECT SCOPE	3/95
91	OILSPILL RESPONSE PRESTGD EQP.	$1,343,659	$0	ON SCHEDULE	--
94	OVERSEAS LORAN CLOSE	$1,500,000	$400,000	ON SCHEDULE	2/95
94	PORT ANGELES MED/DEN	$3,300,000	$3,300,000	IG AUDIT/REVIEW OF PROJECT SCOPE	3/95
90,1,2,3,4	PUBLIC FAMILY HOUSING	$21,933,123	$4,000,000	ON SCHEDULE	2/95
94	SAN PEDRO MED/DENT	$4,177,364	$4,177,364	IG AUDIT/REVIEW OF PROJECT SCOPE	3/95

ACQUISITION, CONSTRUCTION, AND I MENTS APPROPRIATION
UNOBLIGATED BALANCES BY [illegible] T

YEARS FUNDS APPROPRIATED	PROJECT TITLE - SHORE (CONT)	UNOBLIGATED BALANCES ACTUAL AS OF 31 DEC 1993	UNOBLIGATED BALANCES ESTIMATE AS OF 30 SEP 1994	REASON FUNDS NOT YET OBLIGATED	MAJOR OBLIG. OF CARRIED OVER FUNDS DURING (QTR/YR)
90,1,2,3,4	SELECTED ATON - WATERWAYS	$5,587,207	$500,000	ON SCHEDULE	1/95
93	SEUS FAC (A/S MIAMI)	$3,089,381	$2,620,000	ON SCHEDULE/PENDS FOAM DELUGE SYSTEM	2/95
94	SITKA ATON SUPT BLDG	$3,000,000	$300,000	OUTFITTING	1/95
93	STA COOS BAY EXPANSION	$966,317	$531,000	OUTFITTING	--
93	STA KEY WEST VSL SUPT BLDG	$339,705	$100,000	OUTFITTING	--
93	STA LAKE WORTH INLET - PALM BEACH	$627,321	$200,000	OUTFITTING	--
93	STA SCITUATE WATERFRONT FAC	$562,161	$0	PROJECT COMPLETE	--
92	SUPTCEN BOSTON	$1,925,135	$0	REPROGRAMMING SOURCE (LITTLE CREEK)	--
93	SUPTCEN ALAMEDA CHILD CARE CTR	$466,000	$150,000	ON SCHEDULE	1/95
93	SUPTCEN KODIAK - CUTTER BLDG	$306,595	$100,000	OUTFITTING	--
91	SUPTCEN KODIAK - FIRE STA	$230,800	$200,000	AWAITING DEMOLITION PERMITS	2/95
92	SUPTCEN KODIAK - POOL	$175,892	$0	ON SCHEDULE	--
93	SUPTCEN KODIAK - GYM/FITNESS CTR	$344,283	$150,000	OUTFITTING	--
94	SUPTCEN KODIAK - COLD STORAGE	$4,600,000	$200,000	OUTFITTING	2/95
94	SUPTCEN KODIAK - COMMUNITY CENTER	$1,500,000	$200,000	OUTFITTING	2/95
93	SUPTCEN NY ELECT UPGRADE	$2,587,000	$1,900,000	ON SCHEDULE	3/95
91	SUPTCEN NY HEALTH CARE FAC	$1,515,392	$231,000	REPROGRAMMING SOURCE (LITTLE CREEK)	--
93	SUPTCEN PORTSMOUTH UPH EXP	$6,300,000	$800,000	PROJ REDESIGN CAUSED DELAY	--
93	SUPTCEN SAN PEDRO BLDGS	$1,453,000	$1,225,000	ON SCHEDULE	3/95
90	SUPTCEN SEATTLE - PIER RENOVATE	$250,929	$0	REPROGRAMMING SOURCE (LITTLE CREEK)	--
92	SUPTCEN SEATTLE - PIER APRON	$187,083	$0	ON SCHEDULE	--
90,1,2,3,4	SURVEY & DESIGN - SHORE	$11,941,782	$1,350,782	ON SCHEDULE	1/95
90,4	TRACEN CAPE MAY BARRACKS	$4,452,049	$300,000	OUTFITTING	2/95
94	TRACEN CAPE MAY CHILD CARE FAC	$2,000,000	$200,000	OUTFITTING	3/95
94	TRACEN CAPE MAY ENL UPH	$3,900,000	$300,000	OUTFITTING	3/95
92	TRACEN CAPE MAY - TRNG FAC	$1,730,534	$1,246,097	REPROGRAMMING SOURCE (LITTLE CREEK)	--
92	UNDERWATER SURVEY OF LIGHTHOUSES	$142,349	$142,349	REPROGRAMMING SOURCE (LITTLE CREEK)	--
91	YARD - CRANE NO.2	$248,454	$150,000	ON SCHEDULE	--
93	YARD - FLAMABLE STORAGE BLDG	$171,050	$112,000	ON SCHEDULE	--
94	YARD - SHIP LIFT	$5,000,000	$1,176,334	ON SCHEDULE	3/95
91	YARD - UPGR MECH SH.	$363,269	$171,000	ON SCHEDULE	--
	SUBTOTAL, SHORE FACILITIES	$141,491,987	$43,790,442		
	TOTAL, ALL CATEGORIES	$509,080,537	$158,435,775		

UNOBLIGATED BALANCES

Mr. CARR. Explain the reasons for the large unobligated balances as of September 30, 1993, in the following programs: The specific emitter identification system, the HU–25 Aireye system, the H–130 FLAR, the Marine safety network, the traffic collision avoidance system, the MRR helicopter HH–60, the Support Center Portsmouth UPH EXP, the Marine Safety Office Tampa administration building, the Communications Station Miami restoration effort, the replacement boats for cutters program, and the SEUS Air Int. Facility. For each program and project, indicate when obligations will occur.

[The information follows:]

Specific emitter identification system—Initial research during fiscal year 1993 identified similar efforts being undertaken by two other government agencies. Project efforts have been linked with these other efforts to provide the best tactical product for all agencies. The Coast Guard specific requirements for an integrated information support system will be supported by this joint effort, while minimizing developmental costs thus maximizing use of project funds for procurement of equipment. Funds are planned for obligation during 1995.

HU–25 AIREYE System—The negotiations were underway with the commercial contractor at the end of 1993. The unobligated balance is planned for obligation during third quarter 1994.

HC–130 FLAR—Of the unobligated balance on September 30, 1993, $1.2 million was reprogrammed, with congressional concurrence, to pay the contract claim for the aircraft repair and supply center computer replacement project. This project will be completed and the majority of the unobligated balance obligated during third quarter 1994.

Marine safety network—This project has been consolidated under the major acquisition title of marine information for safety and law enforcement. Delays in obligating funds have been due to the consolidation effort and redefinition of contract requirements. Due to the inability to award this new contract until early 1995, the remaining unobligated balance is currently intended as a source for reprogramming. A letter stating our intentions should reach the Subcommittee by mid-May 1994.

Traffic collision avoidance system—Transfer of fund to the U.S. Air Force via military interservice purchase request was initiated in 1993, but was not completed until first quarter 1994 to fully obligate project funds.

MRR helicopter HH–60—During 1993, project funds were put on hold pending the results of a reconciliation of spare parts requirements by an independent contractor and the Coast Guard Aviation Repair and Supply Center. This task was completed during the second quarter 1994. Obligation of remaining funds is planned during third and fourth quarters 1994.

Support Center Portsmouth UPH expansion—-The scope of the project was reduced due to a significant increase in the availability of local leased housing for single personnel. We have redesigned the project and expect to award the construction contract during the third quarter 1994. Any project savings resulting from the scope change will be identified after contract award and will be offered as a source of 1995 reprogrammings.

Marine safety office Tampa administration building—Design delays were the primary cause of the large unobligated balance. The design will be completed during third quarter 1994 and the construction contract is planned for fourth quarter 1994.

Communications station Miami restoration effort—This project was funded with no-year funds in the Hurricane Andrew supplemental appropriation. The project was reduced in scope in the second quarter 1994 due to the positive results of an antenna signal propagation study of the Miami facility. Excess funds were reappropriated by Public Law 103–211 for the mid-west flood recovery efforts. The remaining unobligated balance will be obligated through mid 1995 as joint DoD/CG work is accomplished.

Replacement boats for cutters—The primary direction of the project changed from the purchase of 7-meter rigid hull inflatable boats as replacements for the cutter motor surf boats to newly designed motor surf boats. A contact award for the new boats is planned for third quarter 1994.

South East United States interdiction (SEUS) facility—A construction contract for the fuel farm portion of the SEUS air interdiction facility project was awarded on September 30, 1993, but was not recorded as an 1993 obligation due to document pipeline delay. The remaining $3 million of unobligated funds are for the hangar foam deluge system which is planned for award during the second quarter 1995.

AC&I BREAKDOWN

Mr. CARR. Update the table on page 1139 of the 1994 hearing volume regarding AC&I budget authority, obligations, and unobligated balances.

[The information follows:]

This information will continue to be provided in the Congressional stage budget submission each year under the supplementary data tab for your convenience.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
BUDGET AUTHORITY/UNOBLIGATED BALANCES
In thousands of dollars)

	NEW BUDGET AUTHORITY	OBLIGATIONS	UNOBLIGATED BALANCE
FY 1982 1/	684,000	449,769	317,352
FY 1983	400,000	435,491	290,861
FY 1984 2/	669,000	435,625	531,435
FY 1985	374,200	505,122	411,024
FY 1986 3/	218,806	359,862	273,206
FY 1987 4/	298,000	367,555	203,293
FY 1988	247,000	363,727	80,083
FY 1989 5/	435,800	379,587	135,407
FY 1990	444,164	415,953	172,268
FY 1991 6/	411,326	388,654	193,801
FY 1992 7/	390,000	295,252	296,562
FY 1993 8/	340,000	364,398	271,857
FY 1994 9/	307,500	352,357	227,000
FY 1995 10/	439,200	560,450	105,750

1/ INCLUDES $300M FROM FY82 DOD APPROPRIATIONS ACT (P.L. 97-114).

2/ INCLUDES $300M FROM FY84 DOD APPROPRIATIONS ACT (P.L. 98-212).

3/ INCLUDES $9.3M REDUCTION FOR BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (P.L. 99-177).

4/ INCLUDES $89M FROM THE OMNIBUS DRUG ACT CAPITAL FUNDING AS APPROPRIATED IN THE FY87 CONTINUING RESOLUTION (P.L. 99-591).

5/ INCLUDES $100M FROM THE ANTI-DRUG ABUSE ACT OF 1988 AND $50.3M FROM FY89 DOD MILITARY CONSTRUCTION APPROPRIATION.

6/ INCLUDES $5M FROM FY91 DOD APPROPRIATIONS ACT (P.L. 101-511).

7/ INCLUDES $33.8M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

8/ INCLUDES $35.6M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND PLUS $11.5M FROM THE HURRICANE ANDREW AND HURRICANE INIKI EMERGENCY SUPPLEMENTAL APPROPRIATION.

9/ INCLUDES $20.0M RESCINDED IN ACCORDANCE WITH THE FY94 DOT APPROPRIATIONS ACT P.L. 103-122. INCLUDES $20.0M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

10/ INCLUDES $32.5M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

AC&I OUTYEAR ESTIMATES

Mr. Carr. Update the AC&I project outyear cost estimates appearing on pages 1140 through 1141 of the 1994 hearing volume. Include in the outyear projections those programs for which no funding is requested in 1995 but for which funding has been provided in earlier years and for which the Coast Guard intends to budget in future years.

[The information follows:]

FY 1995 AC&I PROJECT OUTYEAR COST ESTIMATES
(FY95 $000)

AC&I PROGRAM -- MISCELLANEOUS COSTS	FY95	FY96	FY97	FY98	FY99	TOTAL COST FY96-FY99
1 PERSONNEL AND RELATED COSTS	45,000	48,000	50,000	50,000	50,000	198,000
VESSELS						
1 SURVEY AND DESIGN - VESSELS	750	1,000	1,000	1,000	1,000	4,000
2 SEAGOING BUOY TENDERS (WLB)	34,500	65,000	151,000	171,000	138,000	525,000
3 COASTAL BUOY TENDERS (WLM)	56,000	92,000	84,000	24,000	7,000	207,000
4 47' MOTOR LIFEBOAT (MLB)	31,000	29,000	28,500	27,500	26,600	111,600
5 BUOY BOATS (BUSL)	18,500	15,000	10,000	0	0	25,000
6 POLAR I/B FOLLOW ON	10,400	5,000	5,200	2,400	500	13,100
7 210' MMA	25,000	14,500	0	0	0	14,500
8 SHIPBOARD C&C SYS (SCCS)	6,000	0	0	0	0	0
9 SURFACE SEARCH RADAR REPLACEMENT	0	7,000	7,000	7,000	7,000	28,000
10 POLAR RIP	0	14,000	10,500	8,200	0	32,700
11 82' COASTAL PATROL BOAT	10,000	6,000	36,000	47,000	47,000	136,000
SUBTOTAL	192,150	248,500	333,200	288,100	227,100	1,096,900
AIRCRAFT						
1 AIREYE	1,600	3,500	0	0	0	3,500
2 TRAFFIC ALERT & COLL AVOID SYS (TCAS)	7,000	6,200	5,000	5,600	0	16,800
3 GPS INSTALLATION PH IV	2,300	1,500	800	800	300	3,400
4 HH-65 TRANSMISSION GEARBOX UPGRADE	2,000	2,200	2,000	2,000	0	6,200
SUBTOTAL	12,900	13,400	7,800	8,400	300	29,900

FY 1995 AC&I PROJECT OUTYEAR COST ESTIMATES
(FY95 $000)

OTHER EQUIPMENT	FY95	FY96	FY97	FY98	FY99	TOTAL COST FY96-FY99
1 AUTO INTEGR LOGISTICS (SAIL)	8,800	17,900	18,300	20,400	11,800	68,400
2 FINCEN COMPUTER	1,000	3,000	0	0	0	3,000
3 GMDSS	1,800	1,000	0	0	0	1,000
4 VTS 2000	5,000	13,100	29,600	33,900	35,600	112,200
5 MARINE INFORMATION SYSTEMS (MISLE)	0	11,000	9,500	3,500	2,000	26,000
6 CONVERSION OF APPLICATIONS SOFTWARE	3,000	10,000	10,000	3,000	0	23,000
7 VTS EQUIPMENT REPLACEMENT PROJECTS	3,000	3,000	3,000	3,000	3,000	12,000
SUBTOTAL	22,900	59,000	70,400	63,800	52,400	245,600
SHORE FACILITIES AND AIDS TO NAVIGATION						
1 SURVEY AND DESIGN - SHORE	10,000	15,000	15,000	15,000	15,000	60,000
2 WATERWAYS SRA PROJECTS	5,500	5,000	5,000	5,000	5,000	20,000
3 MINOR AC&I PROGRAM	6,000	10,000	10,000	10,000	10,000	40,000
4 PUBLIC FAMILY QUARTERS	18,500	24,000	24,000	24,000	24,000	96,000
5 AS MIAMI FL - UPGRADE PH II	8,400	11,300	0	0	0	11,300
6 CGY CURTIS BAY MD - SHIP HANDLING FAC	0	16,500	0	0	0	16,500
SUBTOTAL	48,400	81,800	54,000	54,000	54,000	243,800
TOTAL BY FISCAL YEAR	321,050	450,700	515,400	464,300	383,800	1,814,200

CHANGES TO 1995 AC&I ESTIMATES

Mr. CARR. Explain the reasons for changes for, (1) each program or project that was included in the 1995 estimate prepared last year and is not included in the 1995 budget request, (2) each program or project included in the 1995 budget request but not included in the estimate for 1995 prepared last year, and, (3) each program or project in which the 1995 budget request varies by 20 percent or more from the estimates prepared last year.

[The information follows:]

(1) Listing and explanation for acquisition, construction & improvements (AC&I) projects that are not in the fiscal year 1995 budget request, but were included in the 1995 estimate provided to Congress during the 1994 budget hearings:

a. Configuration Management ($2.7 million)—Change in acquisition strategy to include this project at $2.8 million level in the 1995 request for funding for systems to automate and integrate logistics (SAIL).

b. Surface Search Radar Replacement ($7 million)—Change in acquisition strategy resulted in reduced requirement for fiscal year 1995 funding.

c. FT4A Gas Turbine Logistics ($3.25 million)—Deferred. Budget pressures precluded funding this project in fiscal year 1995.

d. Cockpit Voice/Flight Data Recorder ($9.3 million)—Updated benefit/cost comparison changed project requirements. Congressional notification of Coast Guard plan to reduce project scope is being drafted.

e. Defense Logistics Modernization ($3.5 million)—Deferred. Budget pressures precluded funding this project in fiscal year 1995.

f. Buoy Replenishment ($3 million)—Deferred. Budget pressures precluded funding this project in fiscal year 1995.

g. Marine Information Systems (MISLE) ($4.5 million)—Schedule slip, due to extension of the contract evaluation period, resulted in reduced funding requirement in fiscal year 1995. Number and technical complexity of vendor proposals far exceeded expectations.

h. Coast Guard YARD Shiphandling Facility ($16.5 million)—Bid protest on phase I hardware procurement resulted in schedule slip and reduction of fiscal year 1995 funding requirement.

(2) Listing and explanation for AC&I projects that are in the fiscal year 1995 budget request, but were not included in the fiscal year 1995 estimate provided to Congress during the fiscal year 1994 budget hearings:

a. HU–25C modification ($2 million)—Streamlining initiative to convert newer and more capable single mission law enforcement HU–25 for multi-mission use allowing reduction in HU–25 fleet size, saving operating expenses resources.

b. Oil pollution response equipment ($2.5 million)—Additional funds required to complete project. Prior year appropriated funds reprogrammed for oil spill simulators.

c. Replace aircraft repair and supply computer phase IV ($2 million)—Additional funds required to complete project. Prior year appropriated funds reprogrammed to pay claims settlement on work performed in phases I–III.

d. Vessel traffic services (VTS) upgrade and expansion project ($1.6 million)—Additional funds required to complete project due to cost overruns in VTC New York upgrade contract.

e. Base St. Louis flood recovery—Construct base and group facilities ($9 million)—Unanticipated expenses resulting from Midwest floods. Funded in fiscal year 1994 emergency supplemental appropriation subsequent to submission of the President's fiscal year 1995 Budget request.

(3) Listing and explanation for AC&I projects with a 20 percent or greater difference in funding between the fiscal year 1995 budget request and the fiscal year 1995 estimate provided to Congress during the fiscal year 1994 budget hearings: (fiscal year 1995 request/fiscal year 1994 estimate of fiscal year 1995 request)

a. Survey and design—cutters and boats ($.75 million/$1 million)—Deferred. Budget pressures precluded funding this project at the estimated level in fiscal year 1995.

b. Coastal buoy tender (WLM) replacement ($56 million/$94.1 million)—Deferred due to budget pressure that precluded funding this project at the estimated level in fiscal year 1995.

c. Buoy boat replacement project ($18.5 million/$33.1 million)—Updated survey of capabilities of potential contractors resulted in reduction in rate of acquisition and corresponding reduction in fiscal year 1995 funding requirement.

d. 378-Foot Shipboard Command and Control System (SCCS) ($6 million/$3.6 million)—Project schedule accelerated to avoid additional outyear administrative and overhead expenses.

e. 210-foot medium endurance cutter (WMEC) major maintenance availability (MMA) ($25 million/$34.5 million)—Review of requirements revealed that $9.5 million of final estimate to complete project would not be obligated or committed until fiscal year 1996. Request revised accordingly.

f. HH–65 helicopter—main transmission gearbox upgrade—phase II ($2 million/$3.6 million)—Budget pressures precluded full funding in fiscal year 1995.

g. Resource information system (KRIS) for health services program—Phase III ($3 million/$1.6 million)—Increase resulted from including funds that were not appropriated as requested in fiscal year 1994.

h. Search and rescue management information system ($.9 million/$2.5 million)—Budget pressures precluded full funding in fiscal year 1995 for this program listed as "Minor AIS Projects" in last year's estimate.

i. Conversion of software applications—phase III ($3 million/$13 million)—budget pressures precluded full funding in fiscal year 1995.

j. Survey and design—shore projects ($10 million/$15 million)—Budget pressures precluded full funding in fiscal year 1995.

k. Minor AC&I shore construction projects ($6 million/$15 million)—Budget pressures precluded full funding in fiscal year 1995.

l. Air Station Miami upgrade—phase II ($8.4 million/$11.3 million)—Reflects fiscal year 1994 request of $8.2 million, adjusted for inflation, which was not funded by Congress.

m. Public family quarters ($18.2 million/$30 million)—Budget pressures precluded full funding in fiscal year 1995.

n. Overseas LORAN–C closure—phase II ($13.9 million/$10 million)—Project schedule accelerated to avoid additional outyear administrative and overhead expenses.

o. Personnel and related costs ($45 million/$40 million)—Increase resulted from unscheduled fiscal year 1994 pay and compensation increases and conversion of 64 billets and positions previously funded in the operating expenses appropriation.

p. All items listed in paragraph (1) above.

MAJOR ACQUISITION PROJECTS

Mr. CARR. Update the information contained on page 1142 of the 1994 hearing volume dealing with Coast Guard major acquisition projects.

[The information follows:]

The following lists all of the Coast Guard's projects which have been designated as major acquisitions:

Project	Designations
Medium range recover (MRR) helicopter; Operation Bahamas, Turks & Caicos (OPBAT) Replacement	Level I.
Patrol boat capability replacement	Level I.
Seagoing buoy tender (WLB) replacement	Level I.
Coastal buoy tender (WLM) replacement	Level I.
Polar icebreaker replacement	Level I.
Vessel traffic service (VTS) 2000	Level I.
Standard workstation III	Level II.
Buoy boat (BUSL) replacement	Level III.
Surface search radar (SSR) replacement	Level III.
Marine information for safety and law enforcement (MISLE)	Level III.
Motor lifeboat (MLB) replacement	Level III.
Traffic alert and collision avoidance system (TCAS)	Level IV

WLB/WLM FINANCIAL SUMMARIES

Mr. CARR. Update the WLB and WLM financial summaries and schedules appearing on pages 1143 through 1144 of the 1994 hearing volume.

[The information follows:]

The WLB financial summary is as follows:

Fiscal year	Funding ($M)	Vessels ordered
Prior year funding	[1] 77.1	1
1994	36.7	1
1995	34.5	1
1996	65.0	2
1997	152.0–165.0	4
1998	156.0–171.0	4
1999	126.0–136.0	3
2000	19.0	0
2001	10.0	0
2002	4.0	0
Total	680.3–720.3	16

[1] Does not include $20 million recission.

The financial summary provided is based on the recent lead ship contract and current production contract estimates. Ranges given for 1997–1999 reflect an allowance for estimated contract price for production vessels; price to be determined by competitive bid. The WLB replacement fleet size has been tentatively established at 16 ships, and will be revalidated prior to production contract award.

The current WLB acquisition schedule follows:

Draft RFP completed	May 1989 [1]
Release draft RFP for industry comment	May 1989 [1]
Phase I RFP for contract design released	May 1990 [1]
Proposals received	October 1990 [1]
Contract design award	May 1991 [1]
Contract design completed	February 1992 [1]
Issue RFP for detail design/lead cutter construction	April 1992 [1]
Proposals received	August 1992 [1]
Lead cutter award	February 1993 [1]
First option window begins	February 1993 [1]
Second option window begins	August 1993 [1]
Low rate initial production	May 1994
Lead cutter delivered	1st Qtr FY 96
Test of lead cutter completed	3rd Qtr FY 96
Full production solicitation	4th Qtr FY 96
Full production contract awarded	3rd Qtr FY 97
Delivery of first production vessel	3rd Qtr FY 99
Delivery of last production vessel	3rd Qtr FY 02

[1] These are actual dates. All others are estimates which are subject to change.

The WLM financial summary is as follows:

Fiscal year	Funding	Vessels ordered
1991	$550,000	0
1992	3,000,000	0
1993	23,000,000	1
1994	1,350,000	0
1995	56,000,000	3
1996	92,000,000	5
1997	84,000,000	4
1998	24,000,000	1
1999	7,000,000	0
2000	4,000,000	0
2001	1,200,000	0
2002	500,000	0
Total	296,600,000	14

These estimates reflect actual data from the contract awarded in June 1993.

The current WLM acquisition schedule follows:

Draft request for proposals (RFP) completed	May 1991[1]
Release draft RFP for industry comment	June 1991[1]
Issue solicitation for lead ship design and construction	July 1992[1]
Proposals received	December 1992[1]
Lead ship design and construction award	June 1993[1]
Lead ship delivered	1st Qtr FY 96
Test of lead ship completed	2nd Qtr FY 96
Vessel options exercised	1st Qtr FY 95
Delivery of first option vessel	
Full production option award (5 ships)	1st Qtr FY 96
Delivery of first production vessel	1st Qtr FY 98
Delivery of last production vessel	3rd Qtr FY 01

[1] These are actual dates. All others are estimates which are subject to change.

WMEC-210 FOOT CUTTER OVERHAUL PROJECT

Mr. CARR. Update the WMEC 210-foot cutter overhaul project information appearing on page 1145 of the 1994 hearing volume.

[The information follows:]

The updated schedule of estimated unit cost and labor hours for the 210-foot cutter overhaul project is as follows.

[In millions of dollars]

Project No./Hull	Total cost ($M)	Fiscal year dollars	Labor hours (thousands)	Completed
A–1 Active	$18.15	85–87	338	February 1987.
A–2 Confidence	18.75	86–88	326	June 1988.
A–3 Reliance	19.84	87–89	350	January 1989.
A–4 Vigilant	20.50	89–90	359	August 1990.
A–5 Diligence	21.10	90–91	334	March 1992.
B–1 Durable	30.16	86–89	763	January 1989.
B–2 Courageous	29.56	87–90	817	March 1990.
B–3 Vigorous	21.70	91–92	356	January 1993.
B–4 Valiant	[1] 22.58	92–93	351	July 1993.
B–5 Steadfast	[2] 22.24	92–93	337	January 1994.
B–6 Alert	22.60	93–94	[3] 345	
B–7 Dauntless	22.60	93–94	[3] 345	
B–8 Venturous	22.96	94–95	[3] 345	
B–9 Resolute	22.96	94–95	[3] 345	
B–10 Dependable	23.31	95–96	[3] 345	
B–11 Decisive	23.31	95–96	[3] 345	

[1] Includes $377K for fire damage while in the shipyard.

[2] $22.20M estimate. B–5 departed shipyard in Feb 94. Reconciliation will be finalized in approximately 3–6 months after departure.

[3] Estimate.

Note.—$10.5M was reprogrammed in FY90 for HH–65 T–800 aircraft engine proof of concept program (1994 budget sheet).

Mr. CARR. Provide a schedule by hull for the 210-foot cutter overhaul project including dates delivered to and from the shipyard.

[The information follows:]

Schedule (by hull) for the 210 foot cutter overhaul project including dates delivered to and from the shipyard is as follows:

Cutter name	Hull No.	MMA No.	Delivered to shipyard	Delivered from shipyard
"A" Class:				
Active	618	A–1	October 1984	February 1987.
Confidence	619	A–2	October 1986	June 1988.
Reliance	615	A–3	April 1987	January 1989.
Vigilant	617	A–4	February 1989	August 1990.

Cutter name	Hull No.	MMA No.	Delivered to shipyard	Delivered from shipyard
Diligence	616	A–5	September 1990	March 1992.
"B" Class:				
Durable [1]	628	B–1	October 1986	January 1989.
Courageous [1]	622	B–2	March 1987	March 1990.
Vigorous	627	B–3	June 1991	January 1993.
Valiant	621	B–4	December 1991	July 1993.
Steadfast	623	B–5	June 1992	January 1994.
Alert	630	B–6	January 1993	August 1994.[2]
Dauntless	624	B–7	July 1993	March 1995.[2]
Venturous	625	B–8	January 1994	September 1995.[2]
Resolute	620	B–9	August 1994 [2]	April 1996.[2]
Dependable	626	B–10	March 1995 [2]	November 1996.[2]
Decisive	629	B–11	September 1995 [2]	March 1997.[2]

[1] Maintenance accomplished at Colonna's Shipyard, Norfolk, Virginia.
[2] Estimate

Mr. CARR. Provide detail of the 1995 budget request of the WMEC 210-foot butter overhaul project by hull.

[The information follows:]

FISCAL YEAR 1995 BUDGET REQUEST BY HULL NUMBER

[In millions of dollars]

Cutter and MMA No.	Production	Material [1]	Support [2]	Contract [3]	Total
Resolute (WMEC 620)—B–9	$0.5	$0.0	$0.5	$0.4	$1.4
Dependable (WMEC 626)—B–10	10.6	0.2	1.0	0.8	12.6
Decisive (WMEC 629)—B–11	3.8	5.4	1.0	0.8	11.0
Totals	14.9	5.6	2.5	2.0	25.0

[1] Material covers all material costs, both Long Lead Time Material (LLTM) and production material.
[2] Support costs include Supply Center Curtis Bay onload/provisioning, funds for MMA electronics, administration, growth and miscellaneous.
[3] Contract costs include YARD support contracts for various services such as cleaning and firewatches.

CVR/FDR INSTALLATION SCHEDULE

Mr. CARR. Update the cockpit voice recorder and flight data recorder installation schedule shown on page 1147 of the 1994 hearing volume. Explain any deviations from information previously submitted.

[The information follows:]

The cockpit voice recorder/flight data recorder (CVR/FDR) project is at a project management decision point (DP2) following the analysis phase and prior to the prototype phase. The CVR/FDR analysis showed that the cost to equip H–65's with CVR/FDR is more than the original estimate. At DP2, the Cost/Benefit ratios for the H–65, HU–25 and H–60 were also reexamined using refined project cost estimates. This analysis shows a positive cost benefit for installing CVR/FDR equipment in the H–60. The same cost analysis shows negative benefits for the H–65 and HU–25. Because of this, the Coast Guard intends to propose a reprogramming initiative for the CVR/FDR project to complete installations in the HH–60J aircraft only and bound it to present funding. The VC–4A has been fully funded and is independently proceeding on schedule. The replacement long range command and control aircraft is CVR/FDR equipped.

The restructured CVR/FDR installation schedule would be as follows:

CVR/FDR ACQUISITION INSTALLATION SCHEDULE

	Fiscal year—					
	1994	1995	1996	1997	1998	Total
HH–65A	0	0	0	0	0	0
HU–25 A/B/C	0	0	0	0	0	0
VC Aircraft	1	0	0	0	0	1

CVR/FDR ACQUISITION INSTALLATION SCHEDULE—Continued

	Fiscal year—					
	1994	1995	1996	1997	1998	Total
HH–60J	0	2	18	18	4	42
Total	1	2	18	18	4	43

Two HH–60J installations are scheduled for completion in fiscal year 1995. The 18 installations per year in 1996 and 1997 will consist of 11 during planned depot maintenance and 7 by field teams for each year. The 4 installations in 1998 will be accomplished during planned depot maintenance. Also, the planned HH–60J fleet size is 42 vice 43 airframes as previously shown.

FAMILY HOUSING SCHEDULE

Mr. CARR. Update the construction and occupancy schedule shown on page 1148 of the 1994 hearing volume.

[The information follows:]

Location/State	Number units	Estimate begin construction	Estimate occupancy
Fiscal year 1990:			
Key West, FL	100	October 1991	December 1994.
Southwest Harbor, ME	6	March 1991	March 1992.
Fiscal year 1991:			
Kodiak, AK	40	May 1991	October 1993.
St Ignace, MI	12	September 1993	October 1994.
Astoria, OR—phase I	28	May 1992	April 1994.
Fiscal year 1992:			
Kodiak, AK	20	November 1991	October 1993.
Pt Vicente, CA	0	Cancelled	
Long Is Sound, CT	32	Purchased	June 1992.
Chetco River, OR	5	Purchased	January 1992.
Depoe Bay, OR	5	Purchased	April 1992.
Ocracoke, NC	0	Deferred	(1)
San Juan, PR—phase I	72	September 1992	February 1995.
Fiscal year 1993:[2]			
San Juan, PR—phase II	40	October 1992	February 1995.
Grp Astoria, OR-phase II	54	May 1992	May 1994
Grp Sandy Hook, NJ	37	September 1993	April 1995.
Base Honolulu, HI—phase I	18	September 1993	January 1995.
Fiscal year 1994:			
San Juan, PR phase III	22	October 1993	February 1995
Acquire DOD Housing at 3 sites	96		
Randolph and Hull, MA		Purchased	June 1994
Manhattan Beach, NY			(3)
Gru Astoria Ph III, OR	20	April 1994	April 1995.
Petersburg, AK	5	June 1994	June 1994.
Support Center New York Housing Renovation Bldg. 855.	70	September 1994	March 1997.

Notes.—Changes in schedule.

[1] Ocracoke housing was attached to National Park Service (NPS) housing project. NPS did not receive 1992 funding

[2] The 1993 public family quarters program was reduced by $5.0 million to account for cancellation of the Pt. Vicente, CA project and deferral of the Ocracoke, NC project.

[3] Acquisition deferred pending revalidation of requirements.

PROJECT RESIDENT OFFICE PERSONNEL

Mr. CARR. For every project funded in the acquisition, construction, and improvements account with a project resident office, indicate the number of Coast Guard personnel assigned to such office. Also indicate the number of contractor workers employed by the firm to which the contract was awarded.

[The information follows:]

Project	Project resident personnel	Contractor	Personnel
Buoy tender (Joint) seagoing and coastal	60	Marinette Marine	220
Buoy boat (BUSL)	7	Maritime Contracting Inc.	190
Motor lifeboat (MLB)	4	Textron Marine Systems	[1] 75
Polar icebreaker [2]	16	Avondale Industries Inc	(1,3)

[1] Textron Marine and Avondale Industries are very large corporations, total personnel strength is unknown. During peak loading, 75 personnel were employed on the MLB preproduction vessels.

[2] Polar icebreaker: 16 presently assigned, however Coast Guard personnel will increase to 19 this summer.

[3] Unknown

IG REPORT ON GOVERNOR'S ISLAND BOQ

Mr. CARR. The DOT's Inspector General issued a report on February 1, 1994, concerning the use of bachelor quarters at Support Center, New York. The IG concluded that 31 permanently assigned bachelor personnel were not living in available bachelor quarters, with the Coast Guard spending $190,000 annually in unnecessary housing costs. In addition, Coast Guard personnel on temporary duty at Governors Island have been staying at the Governors Island hotel instead of in available transient bachelors' quarters. The IG estimated the Coast Guard spent about $101,000 in 1992 for such unnecessary commercial lodging. Does the Coast Guard agree with the results of the Inspector General's report What specific action has the Coast Guard taken to address the issues raised by the IG?

[The information follows:]

The Coast Guard agrees with most of the results of the IG report, although we are unable to validate their estimated savings, as we do not have access to the auditor's data.

As a result of the audit, the Coast Guard reviewed and tightened quarters assignment policies. All personnel requesting to reside on the economy as opposed to bachelor quarters must now submit a written request and be verified eligible through the area housing authority prior to receiving off-base housing allowances. In addition, we are initiating bachelor housing utilization reports to determine average occupancy rates and recall requirements. We will also conduct periodic reviews of the unmarried enlisted personnel receiving housing allowances.

We are reducing the number or personnel living on the economy to increase barracks occupancy. As of April 1994 ten of the thirty-one members in question are no longer living on the economy.

In the future, personnel will be informed of the availability of bachelor and transient quarters on Governors Island and the Coast Guard will require that official orders indicate availability status.

Also, members checking in at the Super Eight Motel under official orders will be advised the they must obtain a transient non-availability statement on their orders to receive reimbursement.

LMI REPORT ON FAMILY HOUSING

Mr. CARR. Provide for the record the 19 recommendations made in the report on housing prepared by the Logistics Management Institute along with the Coast Guard's response to each.

[The information follows:]

A copy of the recommendations and responses as attached to the Secretary's transmittal letter to Congress is attached.

To further clarify Coast Guard comments regarding recommendation (16): The Coast Guard has not yet sought any variable housing allowance (VHA) rate changes. However, we have requested the per diem, travel, and transportation allowance committee (PDTATAC) to study housing costs in several coastal locations to determine whether separate VHA rates are warranted. PDTATAC has partially conducted its study of costs associated with coastal areas, though no conclusions have yet been reached.

LMI/Coast Guard Housing Study
Summary of Recommendations

RECOMMENDATION (1): Formalize a consistent Area Housing Authority (AHA) level housing management office consisting of dedicated billets for management of the owned housing program and the leased housing program, whose primary responsibilities are to oversee the housing programs and provide assistance to the Local Housing Authorities (LHA) in their district. We recognize that such an organization is already in place at some of the districts, but we feel it should be formalized across all districts, headquarters units, and support centers. The billet dedicated to the leased housing program should be reserved for those housing areas with highly active (over 50 leases) leased housing programs. There are currently 10 districts, 5 headquarters units, and 1 support center that would be included in this category. The total cost for instituting this program is estimated at $500,000.

COAST GUARD COMMENT: This organizational structure is essentially in place at all districts, plus seven other major commands. The existing staffing standard is adequate for housing management, however a number of offices do not have billets assigned in accordance with the staffing standard. Adjustments to staffing levels will be pursued over the next several years.

RECOMMENDATION (2): Develop and distribute specific guidance for the leased housing program with regard to budgetary controls, lease initiation and negotiation, and total program administration.

COAST GUARD COMMENT: Concur that leased housing program guidance requires improvement, including validation procedures and greater detail. These improvements are now being implemented.

RECOMMENDATION (3): Issue policy that clearly assigns responsibility and authority for all aspects of housing management within the local, district, or headquarters housing management organization and develop performance standards by which personnel at these levels will be evaluated.

COAST GUARD COMMENT: Concur. This recommendation will be implemented with the publication of a completely revised Housing Manual in FY 94.

RECOMMENDATION (4): Develop a comprehensive training program for all personnel involved in housing management at the local, district, and headquarters levels. The training should consist of, at a minimum, housing occupancy and assignment management, leased housing administration, contracts negotiation, market trends analysis, occupancy inspections, and housing referral.

COAST GUARD COMMENT: Concur. Standardized training for local and area housing officers is currently under development.

RECOMMENDATION (5): Enhance the use of automation tools by further developing and distributing the Housing Data Management System (HDMS) and continue an aggressive schedule for training and implementation of HDMS at all local housing offices. The Housing Programs Branch should consider adding other functional components to the system to enhance the services provided at the local housing offices (similar to those provided in the Army or Navy systems) and further expand the use of the biennial Housing and Family Programs Survey to include sorting the data at the AHA or LHA level.

COAST GUARD COMMENT: Concur. Housing Data Management System implementation has been completed Coast Guard-wide. All Local Housing Authorities received equipment and training in FY 93.

RECOMMENDATION (6): Develop a Coast Guard-wide housing referral program that provides housing related information to recently transferred personnel.

COAST GUARD COMMENT: Concur. A new relocation network was implemented in FY 93. Dedicated billets were established at each district and major headquarters unit. These warrant officers are responsible for ensuring that a wide range of relocation services are available to transferring personnel.

RECOMMENDATION (7): Commission a single national study or a series of regional studies to calculate base line rental costs for Coast Guard stations where VHA is determined to be inadequate.

COAST GUARD COMMENT: Concur. At present, data on housing rental costs is available to the Housing Programs Branch for selected areas only. We will expand the availability in FY 94 to include essentially all housing areas.

RECOMMENDATION (8): Pursue increases in Coast Guard major maintenance and repair funds (Allotment Fund Code 43) and expand the maintenance backlog to accurately reflect the material condition of Coast Guard owned housing.

COAST GUARD COMMENT: Concur. A recently concluded internal study of housing management and maintenance has endorsed the development of standard maintenance plans for owned housing. These plans would provide the basis for identifying maintenance backlogs from which accurate funding requirements can be derived. Funding is being sought through the normal budget process.

RECOMMENDATION (9): Increase its support for the self-help maintenance program. Success stories and improved guidance in establishing and administering a self-help program need to be published.

COAST GUARD COMMENT: Concur with the recommendation to promote the utilization of self-help through the publication of noteworthy projects; however, this program cannot be relied upon to significantly address overall housing maintenance needs. The scope of work achievable and degree of effectiveness are subject to local command need and initiative.

RECOMMENDATION (10): Develop and initiate a maintenance planning policy that identifies the methodology and minimum content for maintenance plans for each Coast Guard station with owned housing units.

COAST GUARD COMMENT: Concur. The level of long-range maintenance planning varies considerably throughout the Coast Guard. Funding is being sought to support the development of site-specific maintenance plans for all owned housing.

RECOMMENDATION (11): Determine the feasibility of establishing large regional maintenance contracts. These contracts, available for more than a single station, could assist many of the smaller stations in obtaining services at competitive prices without encountering the burden of separate contracts for each location. Managed by the Support Centers or Civil Engineering Units, these contracts would require local Contracting Officer's Technical Representatives, but training for that function should be fairly simple in comparison to fundamental contracts training.

COAST GUARD COMMENT: Concur. A detailed evaluation of this recommendation by Coast Guard engineering personnel will be undertaken after the development of standard maintenance plans.

RECOMMENDATION (12): Establish a program to train all housing personnel to recognize the telltale signs of facility deterioration and other problems and to initiate corrective action early. The Navy operates such a program at its Jacksonville, FL, site that might be able to accommodate Coast Guard personnel.

COAST GUARD COMMENT: Concur. A "Maintenance Assessment Guide" is currently under development to assist local housing personnel in this area of maintenance planning.

RECOMMENDATION (13): Reinforce its guidance that all AFC 43 maintenance and repair projects shall follow standards and criteria including the Navy guide specifications in preparing project execution documents.

COAST GUARD COMMENT: Concur. The Coast Guard recognizes the need to develop housing maintenance standards based on existing DoD standards. This project will be ongoing through FY 95.

RECOMMENDATION (14): Consider using Facilities Design & Construction Centers (FD&CC) rather than Civil Engineering Units (CEU's) in AFC 43 project development and management. Concentrating project design and construction expertise under a single organization would be more effective than attempting to spread it among the various CEUs. The counter argument that the CEU's are closer to the stations and have some knowledge of the facilities is a valid consideration, but may not outweigh the efficiency and effectiveness of concentrating facilities design and construction in fewer, more capable commands.

COAST GUARD COMMENT: We do not concur with this recommendation. Using FD&CC's is not viable because corporate knowledge and site familiarity resides at the CEU level.

RECOMMENDATION (15): Ensure that major maintenance and repair projects contained in the backlog are reviewed and certified as to scope, cost, and need prior to programming and budget decisions.

COAST GUARD COMMENT: Concur. Major maintenance and repair projects will be reviewed on a biennial basis by the CEU's to revalidate scope, cost, and need.

RECOMMENDATION (16): Propose to Congress that the current method of developing BAQ and VHA rates should be re-evaluated with specific emphasis on those areas where Coast Guard stations are inappropriately grouped with DoD installations and separate Military Housing Areas (MHAs) would be more appropriate.

COAST GUARD COMMENT: Concur. This issue is being addressed in cooperation with the Director of Compensation within the Office of the Assistant Secretary of Defense (Force Management and & Personnel). The Coast Guard is seeking to establish separate MHAs in high cost locations where average housing costs are significantly greater than those in the broader boundaries of the MHA on which variable housing allowance rates are based.

RECOMMENDATION (17): Limit housing construction to those areas in which sufficient adequate housing units are not available now and are unlikely to be available in the future. Before proposing a construction project, the Coast Guard should perform a review to determine whether other alternatives are feasible. Additionally, the Coast Guard should institute a consistent and rigorous methodology for evaluating housing acquisition proposals to ensure that cost-effective and economically sound decisions are made. If at all possible, the Coast Guard should commission independent housing market studies to confirm any local assertions that housing is not available and should exclude from further consideration proposals not meeting that criterion.

COAST GUARD COMMENT: Concur. Construction remains the last housing option after, (1) providing allowances, and (2) leased housing. Planning proposals for housing construction are thoroughly reviewed. A rigorous, standard methodology is being developed to ensure greater consistency. Market studies are now conducted as an integral part of planning proposal development.

RECOMMENDATION (18): Continue improving the leased housing program for personnel whose BAQ and VHA allowances remain inadequate. The leased housing program has proven to be effective. However, with recent changes to the program and increased interest in quality of life issues, the leased housing program is growing rapidly and with potential budgetary control problems. An effective leased housing program should act as a "spring" to absorb the differences between housing allowances and the cost of adequate housing for a limited number of families, for specific locations, and during times of exceptionally strong housing markets.

COAST GUARD COMMENT: Concur. Controls cited in recommendation number 2 will assist us in assuring that problems are addressed correctly.

RECOMMENDATION (19): Where applicable, the Coast Guard should consider leasing housing units from DoD activities that are undergoing realignments, down-sizing, or closure before it takes any other housing approach.

COAST GUARD COMMENT: Non-concurrence with respect to leasing housing associated with DoD base closure and realignment. DoD units slated for down-sizing or closure generally desire to transfer housing ownership completely in order to terminate their maintenance support responsibility. The Coast Guard actively evaluates such excess DoD housing for possible acquisition.

GROTON, CN, R&D CENTER

Mr. CARR. Update the information appearing on page 804 of the 1994 hearing volume regarding annual operating costs for the Coast Guard Research and Development Center in Groton, Connecticut.

[The information follows:]

FY 1995 estimated annual operating costs for the Coast Guard Research and Development Center at Groton, CT, are as follows:

Building Lease	$520,000
Computer systems, maintenance & support	250,000
Techncical libraries & communications	130,000
Graphics support	70,000
Travel & training	70,000
Support services	140,000
Personnel	7,200,000
Total	8,380,000

SYSTEMS TO AUTOMATE AND INTEGRATE LOGISTICS

Mr. CARR. Update the major milestones for the systems to automate and integrate logistics (SAIL) initiative, as depicted on page 959 of the 1994 hearing volume. Indicate the reasons for any changes or slippages.

[The information follows:]

SAIL is a system name used to describe four interdependent and mutually supported projects: configuration management (CM), supply center computer replacement (SCCR), defense logistics modernization (DLM) and the fleet logistics system (FLS). Milestones one through four on page 959 of the 1994 hearing volume are complete. Milestone five (award of system integrator contract) will be delayed due to the designation of FLS as a major acquisition in accordance with Office of Management and Budget (OMB) Circular A–109. In addition, the project has applied to General Services Administration (GSA) to be managed under the trail boss program in accordance with the Federal Information Resources Management Regulation (FIRMR) Bulletin C–7. The updated schedule is:

1. Approval of GSA Agency Procurement Request Anticipate Project Manager to receive “Trail Boss” designation from GSA.	3 QTR 94
2. FLS Key Decision Point 1 Major system acquisition milestone, prior to entering Concept Exploration phase.	4 QTR 94
3. FLS Requirements, Alternatives, Cost/Benefit Analysis Develop system functionality, investigate USCG's Aviation Maintenance Management Information System (AMMIS) for application as FLS system baseline.	3 QTR 95
4. FLS Key Decision Point 2 Major system acquisition milestone prior to entering Demonstration and Validation phase.	1 QTR 96
5. Award of System Integrator Contract Software design and development.	3 QTR 96

BASE ST. LOUIS/KEOKUK RELOCATION

Mr. CARR. Additional questions for the record submitted by other members of the Subcommittee follow.

Mr. DURBIN. Is the status of the Coast Guard's plans to relocate the Second Coast Guard District bases in St. Louis and Keokuk in response to the flood damage experienced at these sites last year?

[The information follows:]

Several alternative sites are under consideration for the location of Base St. Louis (St. Louis, MO) and Group Upper Mississippi River (Keokuk, IA). A final decision has not yet been made as study of these alternatives continues.

Mr. DURBIN. What criteria are being used by the Coast Guard to evaluate potential sites such as the Melvin Price Support Center?

[The information follows:]

Evaluation criteria that have been used in the planning proposal to evaluate potential sites include: Elevation of site and propensity for future flooding; operational availability during extreme flood stages; site elevations with regard to efficient aids-to-navigation material handling from shore to vessels; safety of Coast Guard moorings; site environmental compliance concerns; existing personnel support facilities; site flexibility for potential future consolidation of Coast Guard units; initial acquisition, construction, and improvement (AC&I) costs; and, life cycle economic analyses.

Mr. DURBIN. When does the Coast Guard expect to complete this process and make a final decision?

[The information follows:]

A final decision was made in April 1994 to relocate Base St. Louis to the Melvin Price Support Center in Granite City, Illinois, and retain Group Upper Mississippi River in the Keokuk, Iowa area.

TOBACCO SALES AT COAST GUARD EXCHANGES

Mr. DURBIN. In a recent report, the Inspector General raised serious questions regarding the sale of tobacco products at its exchanges. What is the Coast Guard's policy regarding tobacco use by its employees?

[The information follows:]

The Coast Guard's policy prohibits smoking in Coast Guard owned and/or controlled spaces except for family housing units and limited designated areas as determined by unit commanding officers. The Coast Guard is developing a policy to similarly restrict the use of smokeless tobacco.

Mr. DURBIN. What actions are the Coast Guard taking to become "smoke free?"

[The information follows:]

The goal of the Coast Guard is to move beyond smoke free to become tobacco free by the year 2000. To achieve this goal the Coast Guard has aggressively implemented the following programs:

(1) Coast Guard-wide ongoing smoking cessation programs to include use of prescription nicotine patches when needed.

(2) Annual participation in the "Great American Smokeout".

(3) All accession points in the Coast Guard have indoctrination programs which address the hazards of tobacco use. At Training Center Cape May, recruits are prohibited from tobacco use during their eight weeks of training.

(4) Participation in the "Through with Chew" campaign, supplying the field with preventative education and cessation information regarding smokeless tobacco.

(5) Ongoing wellness efforts in the Coast Guard regularly provide information on tobacco use through the weekly Wellness Bulletin, health fairs and District Work Life offices.

(6) The Coast Guard Exchange system no longer advertises tobacco products.

(7) General wellness issues and tobacco use are part of the annual review for both officers and enlisted personnel.

(8) Junior enlisted personnel are required to have working knowledge of wellness/tobacco/alcohol issues prior to qualifying for advancement to the next pay grade.

Mr. DURBIN. Doesn't the sale of tobacco products in Coast Guard exchanges at discount prices send the wrong message to Coast Guard personnel?

[The information follows:]

No, the sale of tobacco products in Coast Guard exchanges at prices lower than local private sector vendors does not send the wrong message to Coast Guard personnel. The consensus among the Coast Guard Exchange Service (CGES) community is, "We are a retail business, rather than an instrument for social change." CGES provides a non-pay benefit to its customers. For many of our DoD, retiree, and dependent patrons (who constitute 80 percent of the customer base), this means we provide them with an opportunity to buy, among other authorized items, tobacco products, at prices lower than they could buy them "off base".

Since the sale of tobacco products account for a significant percentage of CGES gross profits, we recognize the need to find another mainstay to assure CGES's long-term success. CGES is continuing to limit the promotion of tobacco products. The increased marketing of alternative merchandise throughout CGES will eventually eliminate the negative impact upon MWR programs of lower tobacco product sales.

The Coast Guard is trying to reduce the health risks of smoking through education and restrictions on tobacco use in the federal workplace. This will reduce the demand by out Coast Guard active duty patrons. Other authorized patrons are free to make their own choices regarding tobacco use. Within the limits established by Congress, Coast Guard exchanges endeavor to meet our customers' retail needs.

CHICAGO BRIDGE OPERATIONS

Mr. DURBIN. In an effort to reduce traffic congestion and delays in the central business district, the city of Chicago has been working with the Coast Guard to revise the regulations for opening bridges over the Chicago River. The Coast Guard has proposed a rule to restrict bridge openings to weekday evenings and weekends. What is the status of this rule? When does the Coast Guard expect to issue a final rule?

[The information follows:]

The Coast Guard is presently analyzing data and comments received during the NPRM process. The final rule is expected to be issued this spring.

SEAGOING BUOY REPLACEMENT

Mr. DURBIN. The fiscal year 1994 appropriations bill included $36.7 million for the seagoing buoy replacement program. What is the status of the fiscal year 1995 acquisition? Have there been any delays or other problems with the acquisition?

[The information follows:]

The Coast Guard is requesting one vessel for the seagoing buoy tender (WLB) project in the fiscal year 1995 budget.

The WLB lead ship is currently under construction. Various issues have been raised in the normal course of detailed design development, and all have been satisfactorily resolved in a timely manner. Performance to date indicates that Marinette Marine contractors will complete the lead ship on schedule and in accordance with contract requirements.

This summer we anticipate executing an option for one additional cutter using funds appropriated in 1994. We envision awarding a second option vessel using funds requested in our 1995 budget request.

Mr. DURBIN. I believe the Coast Guard's fiscal year 1995 request includes $34.5 million for the seagoing buoy tender replacement program. Does this reflect a delay or slow-down in the original acquisition plan?

[The information follows:]

Requesting one seagoing buoy tender in fiscal year 1995 does represent a reduced requirement from the original acquisition plan, which called for two vessels in 1995. This delay is not due to design or construction concerns, but rather overall budget affordability considerations.

Mr. DURBIN. What did the Coast Guard request for the seagoing buoy tender replacement program in its initial budget submission to the Department of Transportation?

[The information follows:]

The initial budget submission to the Department of Transportation for the WLB replacement program in fiscal year 1995 was $34.5 million.

Mr. DURBIN. What will a delay in the replacement of the seagoing buoy tenders have on the operating costs and performance of these units?

[The information follows:]

We expect operations and maintenance costs to increase as more system failures occur resulting in decreasing operational availability due to unscheduled maintenance. All 26 existing seagoing buoy tenders (WLB) have exceeded their originally designed service lives (30 years). Their reliability and availability has been maintained at the expense of increasing resource demands (maintenance, time, and money). Besides being more maintenance intensive, most of these 50+ year old WLB class ships do not meet current habitability standards, and all require more personnel to operate than will the replacement vessels. Continuing the existing fleet of WLBs will only exacerbate the working conditions and inefficiencies of operating vessels that are already well beyond their economic service life.

More importantly, extending these 50 year old plus vessels precludes the Coast Guard from taking advantage of the more capable and more efficient replacement buoy tenders. The replacement fleet includes 16 highly efficient WLB's to replace the existing fleet of 26 vessels. These enhanced WLBs also have a critically needed built-in oil skimming capability. The combined fleet of new WLBs and coastal buoy tenders (WLM) will provide an increased level of service to the public with 500 less personnel. Overall, when the existing WLB and WLM fleets are completely replaced, total Coast Guard seagoing and coastal buoy tender operating costs will be reduced by approximately $25 million per year. A delay in the replacement will cause continued high expenditures for maintenance and repair of the old fleet and defer the significant personnel cost savings.

HAZARDOUS MATERIAL SPILLS IN MIDWEST

Mr. DURBIN. Approximately 75 million tons of commodities are shipped on the upper Mississippi River. Over 40 million tons are shipped on the Illinois River. The primary commodities are grain, petroleum products (10 million tons on the Mississippi and 6 million tons on the Illinois) and coal. Did the Coast Guard's experience with the Midwest floods last summer raise any special problem areas with respect to oil and hazardous chemical spills along the Mississippi and Illinois Rivers?

[The information follows:]

From the Coast Guard's perspective, there were no special oil or hazardous chemical spills problems that arose along the Mississippi and Illinois Rivers as a result of the Midwest floods. However, the Environmental Protection Agency is the lead federal agency for response to pollution incidents in the Inland Zone, which includes the Second Coast Guard District.

Mr. DURBIN. How many pollution reports were received by the Second Coast Guard District in 1992? In 1993? How many oil or hazardous chemical spills did the Second Coast Guard District respond to in 1992 and 1993? How does this compare to prior years? Summarize the nature of these spills and the Coast Guard's response to them.

[The information follows:]

The National Response Center referred the following number of pollution reports to units in the Second Coast Guard District: 1992—309 reports, 1993—478 reports.

The Coast Guard responded to all of these reported incidents in the following manner:

1992—58 percent were investigated on site, 13 percent were referred to the Environmental Protection Agency (EPA) for investigation, 29 percent were referred to state or local agencies for investigation.

1993—68 percent were investigated on site, 27 percent were referred to the EPA for investigation, 5 percent were referred to state or local agencies for investigation.

1993—68 percent were investigated on site, 27 percent were referred to the EPA for investigation, 5 percent were referred to state or local agencies for investigation.

Over the past few years, the number of spill incidents has remained nearly constant at 250 spills per year, while the number of reports of those incidents have increased. The number of reported spills is not the same as the number of actual spills as several reports are typically received for the same spill. This increase in the number of reported spills indicates a higher level of public awareness.

To summarize the nature of the spills in the Second Coast Guard District and our response to them, about two thirds of the spills originated from vessels and one third originated from facilities. Nearly all of the vessel spills involved towboats or tank barges. About half of the spills were characterized as resulting from human error such as overfilling tanks, poor maintenance, etc., while one third are attributed to equipment failure. Our response to those spills follows the guidance and responsibilities enumerated in the National Contingency Plan. We ensure prompt action is taken to contain and remove pollutants wherever possible and mitigate environmental impact. We also investigate the cause of spill incidents in our area of responsibility to determine what actions, if any, are warranted to prevent recurrence of spill events.

The EPA is the predesignated federal on-scene coordinator for all spills in the Inland Zone, which includes the Second Coast Guard District. The Coast Guard responds to spills only to help EPA meet its responsibilities.

COMMERCIAL VESSEL SAFETY PROGRAM

Mr. DURBIN. Please summarize the Coast Guard's commercial vessel safety program in the Second Coast Guard District? How may commercial vessels, including barges on the Illinois and Mississippi Rivers, were inspected by the Second Coast Guard District in 1992 and 1993? How would you characterize the compliance of commercial vessels on these waterways with Coast Guard safety standards?

[The information follows:]

The Coast Guard has eleven units in the Second Coast Guard District with marine inspection duties. These units along with the number of marine inspection billets assigned are as follows:

Marine Safety Office St. Louis—5 marine inspectors.
Marine Safety Detachment St. Paul—2 marine inspectors.
Marine Safety Detachment Davenport—2 marine inspectors.
Marine Safety Office Huntington—4 marine inspectors.
Marine Safety Office Louisville—3 marine inspectors.
Marine Safety Detachment Cincinnati—1 marine inspectors.
Marine Safety Office Memphis—2 marine inspectors.
Marine Safety Detachment Greenville—2 marine inspectors.
Marine Safety Office Paducah—2 marine inspectors.
Marine Safety Detachment Nashville—2 marine inspectors.
Marine Safety Office Pittsburgh—2 marine inspectors.

The above number of marine inspectors does not include marine inspectors assigned to marine safety offices filling other duties such as investigation officer, executive officer, and commanding officer.

The numbers of commercial vessels inspected in the Second Cost Guard District for 1992 and 1993 are as follows:

Service	Number inspected in 1992	Number inspected in 1993
Freight barge	5	5
Passenger vessel	14	17
Small pass vessel	208	222
Public vessel	3	2
Tank barge	979	987
Total	1209	1233

Based on the 1993 data, the commercial vessel industry in the Second Coast Guard District is slightly better, with respect to compliance, than the national average for number of deficiencies per vessel.

INLAND WATERWAYS LICENSING REQUIREMENTS

Mr. DURBIN. Does the Coast Guard believe additional licensing and crew requirements are needed to improve safety of commercial barges operating on our inland waterways?

[The information follows:]

Yes, after the Amtrak accident, a study of the safety issues related to the operation of towing vessels made nineteen recommendations, nine of which relate to the licensing of the vessels' operators. A regulatory development group has been established to develop the necessary rulemakings. Rulemakings for essential safety regulations have been placed on the "fast track" and interim rules are scheduled for June 1994. Other critical rulemakings will follow with the Notices of Proposed Rulemaking to be published in December 1994.

In November 1993, a focus group published the report, "Licensing, 2000 and Beyond." The report's recommended changes center around shifting emphasis from an examination to a practical demonstration of skill and training. An implementation plan for these changes is being developed.

Other crew requirements are the subject of studies now in progress. A public meeting will be held in April 1994 for comment on the topics of licensing, navigation equipment, manning. pilotage and the issuance of Merchant Mariner's Documents to seafarers on towing vessels.

DOUBLE HULLS ON INLAND WATERWAYS

Mr. DURBIN. What is the Coast Guard's position on requiring the use of double hulls for barges transporting petroleum or hazardous chemicals on our inland waterways?

[The information follows:]

The Oil Pollution Act of 1990 (OPA 90) required that vessels of all sizes, which carry oil in bulk, be designed with a double hull. OPA 90 requires that new vessels, those contracted after June 30, 1990, or delivered after December 31, 1993, or those completing major conversions, must have a double hull design to carry oil in bulk in U.S. waters. This includes all vessels under 5000 gross tons which carry oil. Existing vessels that carry oil in bulk, must meet the double hull requirements by the dates provided in Section 4115 of OPA 90 or be taken out of the oil trade in U.S. waters. Vessels under 5000 gross tons may also meet the double hull requirements of OPA 90, if they are designed with a double containment system approved by the Coast Guard. The Coast Guard is not aware of any vessel designs with a double containment system equivalent to, or exceeding the double hull standard. The Coast Guard will continue to review and enforce the double hull standard for all vessels which carry oil in bulk on U.S. navigable waters.

Regarding chemicals in barges, the regulations (46 Code of Federal Regulations 151) have for many years required a number of chemical cargoes be carried in double hulled barges. The designation of barge hull type has been based on the individual chemical's safety hazards. These regulations are currently undergoing an extensive review by the chemical transportation advisory committee (a federal advisory committee to the Coast Guard). This two year long review is nearing completion and the Committee will submit its final report to the Coast Guard in June 1994. This report will contain recommended changes to the chemical barge regulations and is expected to recommend upgrades in hull types for specific chemicals.

SECOND DISTRICT ACTIVITIES

Mr. DURBIN. How much is currently allocated (fiscal year 1993 and fiscal year 1994) to marine safety and marine environmental protection in the Second Coast Guard District? How much is budgeted for these activities in fiscal year 1995? How many Coast Guard personnel are assigned to these activities?

[The information follows:]

Funding allocated to the Second Coast Guard District for marine safety and marine environmental protection activities is as follows:

Fiscal year:	
1993	$1,132,956
1994	$983,807
1995 (budgeted)	$1,020,000
Personnel total	184

These funds are used for the operating and maintenance costs associated with the district units and do not account for overhead or leases of facilities.

Mr. DURBIN. How much is included in the Coast Guard's AC&I budget to address the equipment needs of the Second Coast Guard District?

[The information follows:]

AC&I funding is not requested in the fiscal year 1995 budget for pollution equipment needs of the Second Coast Guard District. All requirements for pollution response equipment for the Second District rivers were met and prepositioned prior to 1993.

R&D FOR INLAND WATERWAYS OIL SPILLS

Mr. DURBIN. How does the Coast Guard's research and development budget address the unique problems of preventing and cleaning up oil and hazardous chemical spills on our Nation's inland waterways?

[The information follows:]

The Coast Guard is conducting research and development (R&D) in several areas relating to pollution prevention and pollution clean-up problems. Many of our R&D projects are applicable to both coastal and inland waterways and several others are applicable to inland waterways only.

For prevention, our Waterways Safety and Management project is a comprehensive, systems-level analysis of the impact of future navigation issues and emerging technologies on marine navigation safety and transportation efficiency. Key elements include: developing more reliable and conspicuous short range aids to navigation; evaluation of traffic management decision-making for high risk areas; investigating and developing new vessel traffic services (VTS) processes and information dissemination techniques; developing methods for ship-to-ship and ship-to-VTS information exchange and processing; continuing to investigate and develop integrated navigation systems for ships and electronic chart display and information systems for ship and shore facilities. The primary goal of this long term effort is improving marine navigation safety, efficiency, and effectiveness in U.S. waterways. We have also investigated structural design criteria considerations for preventing/minimizing oil discharges using double hull tanker designs, various alternatives to double hulls, and onboard self-help repair and oil boom systems.

For clean-up, we are evaluating a new generation of "high current" booms and skimmers for use in inland waterways. Several other ongoing projects are equally applicable to both coastal and inland waters, such as improved oil-water separators and airborne sensors that can determine the thickness of oil slicks. Also, the Coast Guard is developing "oil and hazardous substance transportation risk assessment" models for inland and coastal waterways that will enable the Coast Guard to more efficiently deploy resources to respond to spills.

VESSEL TRACKING ON DELAWARE RIVER

Mr. FOGLIETTA. I want to welcome Admiral Kime to the subcommittee today. And I would like to take this opportunity to commend the Coast Guard and Captain of the Port of Philadelphia, C.F. Guldenshue, and his staff, for the tremendous work they did over the past few months to keep the Port of Philadelphia open and safe during this winter's deep freeze. Working closely with the various interests at the port, they were able to keep the Delaware River clear and safe, allowing the major terminals, oil refineries, and utilities operating along the river to stay open during this difficult time.

It is my understanding that a proposal has been submitted to the Coast Guard regarding the private vessel tracking system which currently monitors vessel traffic on the Delaware River. Terminal operators and shipping companies have come together to privately fund and staff this system to improve efficiency and safety on the river.

Recently, the port community has proposed improvements to this system. May I have your assurances that your office will work with them to enhance the system and give their proposal your full consideration?

[The information follows:]

The Coast Guard supports any initiative designed to enhance navigation safety. We will work with representatives from the Delaware River port community in their effort and give their proposals full consideration.

COAST GUARD YARD

Mr. FOGLIETTA. Earlier this month, your staff briefed subcommittee staff and my staff on the status of implementing a provision included in last year's bill requiring the Coast Guard to compete out a portion of its repair work between public and private shipyards. I am told that you will not be able to comply with this law due to difficulties in developing a contracting process. Could you elaborate on the issues you are facing implementing the competitive process.

[The information follows:]

We fully intend to comply with the law, however, it will take longer than the language allows to develop and implement a prerequisite 3-way competitive bid process. We anticipate having the process in place the 3rd quarter of fiscal year 1995. Moreover, we do not have $6 million worth of work to be competed out this year. The main issues which must be studied, evaluated, analyzed and integrated into a single process are:

Cost Comparability to compensate for the variation in business and accounting practices between commercial shipyards, Department of Defense (DOD) shipyards and the Coast Guard Yard to ensure a "level playing field" for all potential competitors.

Cost Realism Analysis that evaluates cost proposals to ensure the reasonableness of estimates and compliance with regulations.

Auditing Support to conduct periodic audits of the Navy, commercial and the Coast Guard Yard to provide data for computing comparability.

Internal Cost Analysis and Contracting Support. Additional resources will be needed at the YARD and at the Maintenance and Logistics Command, Atlantic (MLCLANT) to accomplish both cost comparability and cost realism analysis. Additional contracting support will also be needed to solicit, assess and award contracts at MLCLANT.

Extended Procurement Lead Time. It takes the Coast Guard yard only a few weeks to reach closure on a standard repair availability. By comparison, it takes about 21 weeks for the Coast Guard to conclude a similar award with a commercial shipyard. Based on the Navy's experience, two-way competition doubles the lead time from contract solicitation to contract award compared to a conventional commercial solicitation. Three-way competition will likely further extend this lead time.

Establishment of Various Business Agreements. Navy shipyards and the Coast Guard Yard are industrially funded (revolving fund). Additionally, projects are funded based on a fixed price and schedule. If, for any reason, there is a change which affects the total cost of the project or if the funds will expire before the project is complete, work must stop. Commercial shipyards have considerably more flexibility. Competitive bids from DOD shipyards require pre-existing formal business agreements which address problems such as funding arrangements, protests and claims.

Development of procedures to manage small competitions. The Navy's two-way competition is for very large repair availabilities (e.g., several million dollars). Coast Guard repair availabilities normally range from $50 thousand to $650 thousand. It may not be cost effective to bid smaller Coast Guard availabilities using a three-way competition process.

Indefensible Protests. If we prematurely compete repair work at the Coast Guard Yard, without the aforementioned issues being resolved, we will clearly be open to award protests for which we have no legal position to defend. This will needlessly cost the Coast Guard, and ultimately the taxpayer, more money in legal fees, cause us to recompete the bids, and incur unnecessary delays in the repair of sorely needed assets. It is also inappropriate to ask commercial shipyards to incur costs associated with preparing bids for a contract process that is expected to be unsuccessful. We are confident that the current industrial and administrative business practices in place at the Yard will enable the Coast Guard to successfully compete with private industry for shipyard repair and new construction work.

Mr. FOGLIETTA. I am told that part of the problem with your compliance is that you believe there is not $6 million of repair work in the O&E account. Would it help you comply to have AC&I work included under the statute?

[The information follows:]

Our intent is to fully comply with the law, however, it will take longer than the language allows to develop and implement a 3 way competitive process that needs to be in place before we can comply. We anticipate having a process in place by the 3rd quarter of FY–95. This process is required regardless of what appropriation funds the work; hence, including AC&I work would not help us comply.

PERSONNEL REDUCTIONS

Mr. WOLF. Your budget request proposes reducing a significant number of people, a little more than 1,100 full-time positions (FTP) over a two-year period to minimize disruptions to the work force. As part of the administration's initiative to streamline the federal work force, this staff reduction includes 113 civilian positions.

It seems that the administration's downsizing plans are locking on to an easy target, mid-level management, instead of the perhaps more elusive goal of getting rid of fluff at the top. What percentage of the 113 civilian positions to be eliminated are middle management? How many of these employees will be eligible under the provisions of the buyout legislation?

[The information follows:]

Of the 113 civilian positions proposed to be reduced in the fiscal year 1995 budget, approximately 50, or 44 percent, will be from middle management. We expect that all 50 will be eligible for VSIP under the provisions of the legislation.

Mr. WOLF. Looking at the military staff reductions, it is my understanding that most of the downsizing will be among enlisted ranks as the Coast Guard feels that the officer corps is sized appropriately. What percentages of the total military downsizing will be contributed by the enlisted ranks and the mid-ranking officers corps, respectively?

[The information follows:]

Downsizing is proportional to the relative sizes of the workforce. Fiscal Year 95 *total military billet reductions* are comprised of 79.3 percent enlisted and 3.0 percent mid-ranking (0–4) officers. These reductions compare to the following percentages of the current fiscal year's billet level: enlisted—79.4 percent, mid-ranking officers—3.1 percent.

Mr. WOLF. It is my understanding that the Coast Guard already has a higher officer-to-enlisted ratio (4.1 enlisted men for every officer) than the Army, Navy, or Marine Corps. After downsizing, what will this ratio be? And, how will it compare to the other service branches? There are 6.6 enlisted men in the Navy for every officer, for example, and that is after downsizing. Is it valid to compare the Coast Guard in this respect to other military branches? If not, why not?

[The information follows:]

At the end of fiscal year 1995 (FY95), the Coast Guard enlisted-to-officer ratio is projected to be 3.94 to 1. The following Department Of Defense ratios will exist at the end of FY94: Navy—6.9 to 1, Marine Corps—8.9 to 1, Army—5.5 to 1, Air Force—4.3 to 1. (These numbers were obtained from the DOD Manpower Requirements Report FY 1994, dated June 1993). It is not valid to compare the Coast Guard officer-to-enlisted ratio to the DOD services' ratios for two reasons. First, the requirement for a large proportion of officers is due to the officer-incentive regulatory/administrative functions the Coast Guard performs. Second, the DOD services have many more operational units, where low enlisted-to-officer ratios normally exist.

Mr. WOLF. Although it has been claimed that all modes and offices in the DOT were asked to share equally the "hard choices" of downsizing, the numbers indicate to me that some have been asked to "share" more than others. For example, the Inspector General's office is taking a 9 percent hit on the personnel side, and this is an office that actually saves or reclaims $4 for every investigative dollar spent. The Coast Guard also has a very important mission. What percentage of your work force is represented by the 1,100 plus in position cuts?

[The information follows:]

Based on the Coast Guard fiscal year 1995 budget justifications, we plan a reduction of 113 civilian and 1013 military full-time permanent positions for a combined total of 1126 positions. This equates to a 2.5 percent reduction of the total Coast Guard workforce.

WORKFORCE SHAPING TOOLS

Mr. WOLF. In your budget justifications, you indicate that you are requesting $9.8 million for what you call "work force shaping tools" to ensure that the composition of the work force after streamlining is consistent with mission needs. You indicate that the provisions of this program would include, for example, high year tenure and special separation bonuses, which are like the initiatives now available to the DOD. Can you explain to the Committee exactly how this program will work and why it is necessary?

[The information follows:]

Department of Defense (DOD) has been in this situation for the past few years, and they were provided specific legislative authorities to improve their ability to target attrition. The Coast Guard requires the same attrition-producing legislative authorities as DOD.

Some of the new Coast Guard tools can be instituted without enabling legislation, while others require new legislative authorities. The Coast Guard's fiscal year 1995 workforce downsizing management initiatives that can be instituted without specific legislation include the following new workforce management tools:

High Year Tenure (HYT): HYT targets middle to senior level enlisted members who fail to meet prescribed professional growth points. Those not meeting the standards are removed from the workforce through involuntary discharge or voluntary retirement, if eligible. HYT will produce significant attrition, and enhance personnel flow, particularly in those specialties that are overstaffed.

Centralized First Term Reenlistment Review (CFTRR): Designed to match the workforce with the work, it establishes a central review of all enlisted personnel prior to their first reenlistment. This enables the Coast Guard to make first reenlistments competitive and align the workforce with service needs. It will increase junior enlisted involuntary attrition in those specialties/ratings where fewer people are required.

The Coast Guard's 1995 workforce downsizing management initiatives include the following new workforce management tools that require legislative authorities.

Temporary Early Retirement Authority (TERA): TERA allows the Coast Guard to offer voluntary retirement to officers and enlisted members with at least 15, but less than 20 years of active service (YOS) rather than waiting until they reach 20 YOS. We will be able to address populations that are currently tenured until 20 YOS, e.g., officers twice not selected for promotion, enlisted members with over eighteen years of active service.

Voluntary Separation Incentive/Special Separation Benefit (VSI/SSB): This tool allows the Coast Guard to selectively create voluntary officer and enlisted attrition in overpopulated specialties, pay grades, and year groups by offering monetary incentives for voluntary attrition.

The increased capabilities these tools offer would make the Coast Guard comparable to DOD legislation authority, enabling us to better match the Coast Guard workforce with the work as we downsize the organization.

BOATING SAFETY GRANTS

Mr. WOLF. In your statement, you indicate that your budget proposal to eliminate the boating safety discretionary grants to the States "will have minimal impact on boating safety." My state does not agree with that at all and feels the program should continue, particularly since it is funded through a user fee.

As rationale for this proposal, you indicate that boating fatalities are down and, in any case, the states collectively now spend over four times the amount of money provided by the Federal Government for this program. Sounds to me like the kind of program we should reward, not eliminate.

To quote from a letter I have received from Virginia's new Secretary of Natural Resources, "For Virginia, the boating safety account of the trust fund has allowed our state to take a leadership role in boating safety after the Coast Guard removed its boating safety detachment teams from the Nation's waterways some years ago. These funds are used for equipment to keep the Department of Game and Fisheries' presence on Virginia waters, for boating safety classes for the general public, and to provide safe and useful boating access facilities across the state. These services directly impact our efforts to minimize the number of boating accidents, injuries, and fatalities, and to provide enjoyable and safe boating for all who use our state's waterways."

How do I explain to my state that it no longer needs these funds?

[The information follows:]

The National Recreational Boating Safety (RBS) Program was established to promote greater state participation and uniformity in boating safety efforts, to encourage the States to assume a greater share of boating safety education, assistance and enforcement activities, and to enhance the safety of recreational boating. Today, the states have assumed major responsibility for boating safety, collectively spending over four times the amount of funding provided by the federal government for state boating safety grants, and the boating fatality rate is only one-fourth of what it was when the Federal Boat Safety Act was enacted in 1971.

We recognize that recreational boaters are the Coast Guard's largest single group of customers, and the states are its closest partners in efforts to ensure the safety of millions of American boaters. While the Administration budget proposes to terminate the discretionary appropriation for the states RBS grant program, the states will continue to receive federal boat safety funds under the mandatory appropriation. These funds are transferred from the Sport Fish Restoration Account to the Secretary of Transportation, as provided by the Clean Vessel Act of 1992. Funding increases from $7.5 million in fiscal year 1995, to $10 million in 1996 and 1997, and $20 million in fiscal year 1998.

If the Coast Guard were to continue the discretionary State RBS grant appropriation, we would be forced to absorb an equivalent reduction in essential Coast Guard services. It is our belief that such reductions in essential multi-mission search and rescue facilities, as well as aids to navigation services would have an even more adverse impact on recreational boating safety.

Mr. WOLF. The concept of user fees is generally that the user pays and the user benefits. Since this program is wholly funded from the tax boaters pay on the fuel used in their motorboats, how do I explain to my state why it has been proposed that this program deviate from this concept?

[The information follows:]

Except for fiscal year 1995, all funds derived from motorboat fuel taxes will be returned to the states through the Sport Fish Restoration Account within the Aquatic Resources Trust Fund.

Funds appropriated from the Boat Safety Account of the Aquatic Resources Trust Fund for the State Recreational Boating Safety (RBS) Grant Program are scored no differently than Coast Guard operating expenses. Hence, due to budget constraints, the State RBS Grant Program, of necessity, was considered a potential candidate for reduction in competition with other Coast Guard programs. Given the adverse impact additional operational resource cuts, which would be necessary if the Coast Guard were to continue the State Recreational Boating Safety Grant Program, the Administration concluded that the grant program must be offered as part of the agency's budget reduction package. This preserves the Coast Guard's ability to continue essential services to the recreational boating public, as well as the maritime industry as a whole.

While the Administration budget proposes to terminate the discretionary appropriation for the State RBS Grant Program, the states will continue to receive Federal boat safety funds under the mandatory appropriation. These funds are transferred from the Sport Fish Restoration Account to the Secretary of Transportation, as provided by the Clean Vessel Act of 1992. Funding increases from $7.5 million in fiscal year 1995, to $10 million in 1996 and 1997, and $20 million in fiscal year 1998. Also, of the other amounts apportioned to the States from the Sport Fish Restoration Account, 12.5 per cent must be used by the states to develop boating access sites.

Mr. WOLF. It is my understanding that the cap on this account is $75 million which can be transferred from the highway trust fund to the boat safety account within the aquatic resources (Wallop-Breaux) trust fund, but that the authorized level for fiscal year 1995 is $35 million. Is that correct?

[The information follows:]

No, maximum of $70 million can be transferred from the Highway Trust Fund into the Boat Safety Account, within the Aquatic Resources (Wallop-Breaux) Trust Fund, each year. There is also a $70 million cap on the amount that can be on deposit in the Boat Safety Account within a fiscal year. The authorized level or fiscal year 1995 is $70 million, of which $35 million is authorized for expenditure on State Recreational Boating Safety (RBS) Grant programs and the other $35 million is authorized to offset a portion of the Coast Guard's operating expenses for services provided for recreational boating safety, including the Coast Guard Auxiliary.

Mr. WOLF. In your budget justifications, you indicate that, under the proposal to eliminate the grants, the transfer would be made in fiscal year 1995 to Wallop-Breaux fund up to the $70 million cap. Additional revenues would then "roll over" to the sport fish restoration account and be expended to state programs under that account's mandatory appropriation. How much money will be available annually to the states under that scenario? That amount will not be equal to the amount which would have been available under the boating safety grant program; is that correct? So, while it is true, as you state, that the federal government will continue to support boating safety activities nationwide, the states will still receive less money?

[The information follows:]

It is true that the states will receive less federal funding for recreational boating safety (RBS) programs under the Administration's proposal. It is also true that the states will receive more per year in federal grant funds from the Aquatic Resources Trust Fund beginning in 1996.

The states will continue to receive federal funds specifically for RBS programs from amounts transferred from the Sport Fish Restoration Account to the Secretary of Transportation as provided by the Clean Vessel Act of 1992. Under that Act, the Secretary of Interior is directed to transfer to the Secretary of Transportation $7.5 million in 1994 and 1995, $10 million in 1996 and 1997, and $20 million in 1998 for state RBS programs.

Under the Administration's proposal the states will no longer receive the $35 million in annual grants from the Boat Safety Account of the Aquatic Resources Trust Fund. However, the amount of grant funding received by the states from the Sport Fish Restoration Account of the Aquatic Resources Trust Fund will increase by $70 million (recurring) in 1996.

The long-term impact is that the federal discretionary grant funds from the Boat Safety Account will not be available tot he states, however the states will receive $70 million more annually in federal funding through the mandatory Sport Fish Restoration Account appropriation. This potentially frees up additional state funds for use in recreational boating safety programs.

A discussion of the mechanics of the Boat Safety Account and its relationship with the Sport Fish Restoration Account within the Aquatic Resources Trust Fund will facilitate a better understanding of the Administration's proposal.

Under current law, the amount transferred into the Boat Safety Account is equivalent to the amount of motorboat fuel taxes received, up to a maximum of $70 million each fiscal year. The cap on the amount that can be on deposit in the Boat Safety Account is also $70 million. Motorboat fuel tax revenues in excess of the amount deposited into the Boat Safety Account are transferred to the Sport Fish Restoration Account, also part of the Aquatic Resources trust Fund, and to the Land and Water Conservation Fund (LWCF). The first $1 million of excess motorboat fuel tax revenue is transferred to the LWCF. The balance of excels motorboat fuel tax revenue is transferred to the Sport Fish Restoration Account, which also receives funds from other fishing and recreation-related sources.

The expenditure of funds from the Boat Safety Account requires an annual discretionary appropriation by Congress, with up to $35 million available for the state RBS grant program and up to $35 million available to offset a portion of the cost of RBS services provided by the Coast Guard.

The second source of funds for the State RBS Grant program is the amount transferred from the Sport Fish Restoration Account to the Secretary of Transportation as provided by the Clean Vessel Act of 1992. As noted above, the Secretary of Interior is directed to transfer to the Secretary of Transportation $7.5 million in 1994 and 1995, $10 million in 1996 and 1997, and $20 million in 1998 for State RBS programs.

Under the Administration budget proposal, the $70 million deposited into the Boat Safety Account in 1995 would not be appropriated. Therefore, the amount of funds available for the State RBS Grant Program would be reduced to the $7.5 million State RBS Grant Program would be reduced to the $7.5 million transferred from the Secretary of Interior to the Secretary of Transportation.

Because the Boat Safety Account is capped at $70 million (and would still have $70 million in unappropriated funds on deposit from FY95), all motorboat fuel tax revenues transferred from the Highway Trust Fund in 1996 and subsequent years would "roll over" to the Sport Fish Restoration Account and be expended under that Account's guidelines. Therefore, while the State Boating Safety programs would have less federal grant funds available to them, the State Sport Fish Restoration programs would be increased by the $70 million annually. While the Sport Fish Restoration Program mandates that the States expend 12.5% of those grant funds for boating access projects, and the remainder for fish restoration functions, it appears they may not be expended on such traditional boating safety functions as boating law enforcement, boating safety education, vessel numbering and titling, and aids to navigation without a change in law.

DWI INFORMATION FOR BOATING SAFETY

Mr. WOLF. Admiral, I am especially concerned with the elimination of this program in light of recent testimony by the National Transportation Safety Board that boating accidents now rank behind automobile accidents in fatality statistics, with alcohol being a major cause of boating accidents.

Last year, during the hearing, we discussed the possibility of collecting and including DWI information on boat owners in some kind of national database like the national driver register (NDR). You indicated correctly that the States would have to collect this information in a consistent manner. Isn't this an issue that could be included under the boating safety grants program, and wouldn't this be another good reason for maintaining the program?

[The information follows:]

Yes, it is a issue that could be funded by the Boat Safety (State Grant) Appropriation. Five percent of those funds available for allocation to the states may be expended on national boating safety activities of national nonprofit public service organizations which could be contracted to develop such a database. However, I do not believe establishing a separate Coast Guard managed database to collect boating while intoxicate (BWI) information on boaters is necessary. As you noted, an adequate mechanism perhaps already exists for collecting BWI information on boat operators in the form of the National Driver Register (NDR). As I testified last year, I believe the collection of recreational boating while intoxicated (BWI) information in NDR would of benefit to the national Recreational Boating Safety (RBS) program. I believe NDR provides and established vehicle to ensure consistency and uniformity of the data collected. The NDR data could be used to enhance the enforcement of boating while intoxicated (BWI) laws, but would require a commitment and participation of a majority of the states to provide effective feedback and improvement. The budget's proposed reduction in the discretionary funding portion of the State RBS Grant Program could impact various states' ability to undertake this additional initiative.

Any amount of the funds available from the Boat Safety (State Grant) appropriation could be used to encourage states to establish effective BWI laws and enforcement programs, as well as to participate in information collection. The House of Representatives recently passed a bill entitled "The Recreational Boating Safety Improvement Act of 1994" (H.R. 3786). The Bill proposes to allocate $10 million of the funds provided from the mandatory Sport Fish Restoration Account, under the provisions of the Clean Vessel Act of 1992 for recreational boating safety programs, to those states which have BWI laws that include a specified maximum blood alcohol concentration limit and an implied consent provision. I believe aggressive enforcement of effective BWI laws by the states will directly and positively reduce the recreational boating fatality rate and I endorse this provision of H.R. 3786.

As to the ranking of boating accidents behind automobile accidents in fatality statistics, it should be noted that the estimated number of boats has more than tripled since the Federal Boat Safety Act was enacted in 1971, yet the boating fatality rate has dropped eighty per cent in the same period. Recreational boating fatalities dropped to a record low 816 nationwide in 1992. By comparison, highway fatalities for 1992 numbered 39,235. Boating activity, which has grown at approximately the same rate as highway activity since 1980, has shown a much larger drop in the fatality rate than highways for the same period.

GREAT LAKES ICEBREAKING OPERATIONS

Mr. WOLF. The administration's fiscal year 1995 budget calls for the retirement of the ice-breaking cutter Mackinaw which is critical to commerce on the Great Lakes. It should be noted that this Committee took issue with this notion last year. The Coast Guard is proposing to replace the Mackinaw with two 140-foot ice-breaking tugs, in the belief that these vessels can handle the navigation-stopping "ice plugs" which can bring traffic to a crawl in these particular waters during the winter.

I have heard from Senator Dan Coats of Indiana who takes issue with this threat to commerce in the Great Lakes area and who indicates that, "Unlike the Mackinaw, the Coast Guard's ice-breaking tugs do not have adequate horsepower and hull designs to deal with certain ice formations that plague the Great Lakes." How do you respond to this, particularly in light of the winter we have just survived?

[The information follows:]

The Coast Guard does not dispute MACKINAW's icebreaking capability. However, this capability is extremely expensive when compared to the number of times when that capability offers significant improvements to ship movements on the Great

Lakes. MACKINAW's icebreaking capability, while formidable, is not required to maintain the current shipping season from late March to early January.

Fifteen years of operational experience supported by a 1981 Coast Guard Research and Development Center study have demonstrated that two 140′ icebreakers operating in tandem can replace MACKINAW's capability when such capability is required for the more severe ice conditions. The vast majority of operation require the capability of only a single 140′ icebreaker (at one-fourth the cost of MACKINAW).

Two 140′ icebreakers working together can resolve even the severe ice conditions which occur from time to time on the Great Lakes. Some additional time may be required, in some conditions, for assists by 140′ icebreakers. However, it should be noted that even MACKINAW cannot move shipping expeditiously through all ice conditions on the Great Lakes. In some cases, changes in environmental conditions such as wind direction, rather than icebreaker support, ultimately resolve adverse ice situations.

Finally, the severity of this past winter only serves to highlight how infrequently MACKINAW is needed. Meteorological data show that this winter is in the top 5 percent for severity, i.e. a winter this severe occurs about once every 20 years. The Coast Guard does not feel it is prudent to continue to operate a ship which is needed so infrequently, costs $4.5 million per year to operate, and due to its age and material condition, requires over $15 million in capital expenditures for continued operations.

Mr. WOLF. How much does it cost annually to operate the Mackinaw?

[The information follows:]

The current annual operating and maintenance cost for MACKINAW is $4.547 million.

Mr. WOLF. Senator Coats has shared a cost savings idea from the president of Bethlehem Steel which is located at Burns Harbor in Indiana. It is suggested that the Mackinaw could be activated only during shipping season, and otherwise crewed by Coast Guard Reservists and active duty personnel as opposed to full-time activation with an active duty crew. What would be the cost of this proposal, as opposed to the current annual costs which involve full-time activation? Why wouldn't this be a viable option?

[The information follows:]

MACKINAW is an old and complex ship. Operational training requirements, maintenance upkeep, and emergency response capabilities would be difficult and expensive to support at adequate levels with a part-time crew. During ice conditions, aids to navigation in ice conditions may be unreliable, requiring increased area familiarization and experience in operating a vessel of MACKINAW's size. Furthermore, maintenance requirements and the needed safety and habitability improvements represent significant costs which would not be avoided through part-time operations of MACKINAW. Operating MACKINAW with a part-time crew would unacceptably increase our risks during the most critical period of operations.

It would be difficult to assess the actual cost of this proposal, but the risks involved in utilizing inadequately trained part-time crew would outweigh any monetary savings that might be realized.

Finally, we can support the reasonable needs of commerce with our existing 140′ WTGB fleet, so any additional cost to operate MACKINAW, either part-time or full-time, represents an unnecessary cost.

Mr. WOLF. What is the potential economic loss to this region of the country of a truncated shipping season? Isn't it penny wise and pound foolish to seek a relatively small government savings which could result in great costs for the country in the form of lost economic activity and jobs?

[The information follows:]

The potential economic loss due to a truncated shipping season is unknown. However, even with MACKINAW, there is no guarantee that there will never be a shortening of the shipping season. In addition, the Coast Guard does not consider the annual operating costs ($4.5 million per year) and the capital investment required (approximately $15 million) to keep a ship of MACKINAW's age and material condition operating for other than the short term to be small government costs. This is especially true when one considers how infrequently MACKINAW is needed and the capabilities of other Coast Guard icebreakers assigned to the Great Lakes. The Coast Guard believes that these other ships can adequately support the reasonable needs of commerce at far less cost.

CERTIFICATES OF FINANCIAL RESPONSIBILITY RULEMAKING

Mr. WOLF. There is great concern among refiners that supplies of imported crude oil will be disrupted due to a rule you are promulgating to establish how vessel operators may demonstrate their financial responsibility to pay for damages and cleanup if there is an oil spill. An operator of a marine vessel carrying oil in bulk may not enter U.S. waters unless that operator possesses a certificate of financial responsibility (COFR.) This requirement was first imposed under Section 311 of the Federal Water Pollution Control Act of 1972. In 1990, Congress continued this requirement when it adopted OPA. Due to significant changes in liability under OPA, the Coast Guard was tasked with drafting a new rule for COFRs.

It is my understanding that the universal reaction to your first draft in 1992 was that no one could possibly comply with the rule as proposed. Even the preliminary regulatory impact analysis (PRIA), concluded that most vessel owners and operators could not meet the proposed requirement because insurance and other third party mechanisms for satisfying the rule are not commercially available. The PRIA concluded by saying, "The short-term impact of the NPRM could leave the Nation in economic turmoil if promulgated unamended . . ."

Since international protection and indemnity (P&I Clubs) insurance cannot provide the infinite financial guarantees that the NPRM requires, and since only a few of the major oil companies have the financial strength to self-insure, it is my understanding that other alternatives have been suggested. One of these is to resolve the COFR issue by following the lead of several states and allow P&I Club membership to be used as an asset for self-insurance purposes. It has also been suggested that the vessel owner's P&I policy could even be assigned to the oil spill liability trust fund (OSLTF) in the event that a vessel owner does not respond to an oil spill. This "assignment of right of claim" concept would balance the federal government's need for certainty that the spiller will pay and the commercial realities of marine insurance.

What is the status of this rulemaking, and when will the final rule be promulgated?

[The information follows:]

CERTIFICATES OF FINANCIAL RESPONSIBILITY (COFR) RULEMAKING

The notice of proposed rulemaking was published September 26, 1991. A preliminary regulatory impact analysis was made available July 21, 1993. Over 400 public and industry comments have been received regarding this rulemaking. All comments are being considered. The rulemaking is under review within the Department of Transportation. Department of Transportation policy precludes the Coast Guard from discussing further status of the rulemaking. The Commandant has stated that he hopes to conclude this matter before May 31, 1994.

Mr. WOLF. Are you contemplating some modifications in the NPRM along the lines suggested in the public docket which would provide the necessary government guarantees without disrupting the industry? If not, why not?

[The information follows:]

The Coast Guard has received over 400 public and industry comments regarding this rulemaking. All comments are being considered. While Department of Transportation policy precludes us from discussing what any final rule might require, the Coast Guard has no intentions of promulgating any requirements that would unduly disrupt the industry.

Mr. WOLF. Do you believe that the OPA legislation should be revisited in order to resolve this problem? If so, why do you believe that when OPA provides the Coast Guard with the administrative discretion to address this problem? Isn't true that the DOT Secretary could modify the rule under the "other evidence" provision of OPA?

[The information follows:]

A revision to OPA 90 legislation is not required. The Coast Guard does not believe that the COFR issue is the fundamental problem. Industry's concern is with the potential for unlimited liability and not the ability to obtain Certificates of Financial Responsibility (COFR). Therefore, this is not an evidence of financial responsibility issue. The financial responsibility section of OPA 90, which addresses "other evidence," does not involve unlimited liability. The Secretary's authority under this section to modify a rule does not apply to the issue of unlimited liability.

DRUG INTERDICTION BUDGET

Mr. WOLF. Your budget justifications propose a 2.8 percent ($7.3 million) reduction in fiscal year 1995 in your operating expenses (OE) for drug interdiction activities. What cuts are included in this OE reduction?

[The information follows:]

The $7.3 million estimated reduction in operating expenses for drug interdiction activities is primarily the result of two actions: units proposed for reduction in 1995 and annualization of 1994 reductions directed by Congress.

Units proposed for reduction in 1995 include three law enforcement detachments (LEDETs) and two dedicated air-interdiction HU–25 aircraft. Also, other multi-mission Coast Guard units proposed for reduction are included in this funding change. For example, we propose to delete five patrol boats and fourteen multi-mission small boat units; these units conduct drug interdiction activities as well as other Coast Guard missions. The cost of these units is pro-rated based on actual hours expended on their various missions. Therefore the cost of pro-rated drug interdiction activities of all Coast Guard units being reduced in FY95 is included in the $7.3 million.

Fiscal year 1994 drug-related reductions annualized in 1995 include pro-rated portions of multi-mission assets, as well as specific drug interdiction assets deleted to meet a congressional budget cut. The dedicated drug interdiction assets deleted in 1994 include: three surface effects ships (SES), five HU–25 aircraft, one medium endurance cutter (WMEC), and staffs at command, control, communication and intelligence (C3I) East and West, and the Commander Caribbean Squadron (COMCARIBRON).

Mr. WOLF. Under other headings in your budget, such as AC&I (acquisition, construction and improvements), are there other reductions in drug interdiction-related activities, or are these expenditures flat or increasing? I think this is important to give the committee what the overall reduction is in your total budget for drug interdiction. As you know, I have been interested in this over the years because of the duplication among the Coast Guard and Customs in the drug interdiction arena.

[The information follows:]

The Coast Guard fiscal year 1995 budget submission requests no funds for dedicated drug interdiction resources in either the acquisition, construction and improvements (AC&I) appropriation, or any other appropriation (except operating expenses). The drug-interdiction pro-rated portion of the AC&I funding request is $11.7 million, $44.0 million lower than the fiscal year 1994 requested level. This lower request is due to the completion of the HH–60 Operation Bahamas and Turks and Caicos (OPBAT) helicopter acquisition. The funds requested in fiscal year 1995 are for pro-rated portions of multi-mission assets such as the 47-foot motor lifeboat (MLB) project, HH–65 transmission gearbox upgrade, and HU–25 modification program. Each of these projects supports several different Coast Guard missions, including drug interdiction.

The research, development, test and evaluation (RDT&E) estimated funding level for drug-interdiction related activities in fiscal year 1995 is $1.0 million. This is $.2 million less than fiscal year 1994. The main reason for this lower request is the overall reduction to the RDT&E appropriation request from fiscal year 1994 to fiscal year 1995.

COAST GUARD ACADEMY

Mr. WOLF. At last year's hearing, we discussed a study on the culture and climate at the Coast Guard Academy. The study was disturbing because it indicated widespread sexual harassment and less than commendable values held by the cadets. For example, fairness, tradition, and respect for learning were ranked lowest on the list by the cadets. The study also found that risk-taking was not regarded as a smart thing to do, especially troubling for an organization that prides itself on performing very well some very dangerous missions which involve risk in order to save lives and property.

Admiral, you indicated that you would be doing a follow-up to this study. Has this been done, and, if so, were there any encouraging changes in the results? If the follow-up has not yet been accomplished, what is the timetable for doing so?

[The information follows:]

A follow-up study has not yet been conducted. Continuing discussions with Princeton Economic Research Company, the originator of the study, recommended a 5 year follow-up assessment. This recognizes that it takes time to effect changes in individuals' cultures, and to measure improvement.

The Coast Guard, in coordination with the Department of Transportation, will complete a prototype cultural assessment in the Portsmouth, Virginia area by the beginning of FY95. Based on the results of this prototype and necessary adjustments, the Coast Guard intends to conduct a service-wide cultural audit which will include the Academy. This continues the Coast Guard's effort to do the right thing by identifying areas that need improvement. However, there is risk inherent in performing any self-assessment as the results may be incorrectly interpreted. These highly complex issues must be carefully evaluated within the full context of the assessment.

In regard to your comments, the Climate Assessment results must be carefully viewed. While the survey results did indicate a high percentage of women have experienced some form of sexual harassment, the type of harassment was at the lowest levels (unwanted looks, gestures, and whistles). While this still warrants change, it necessitates a different approach than would be necessary if the sexual harassment was of a more serious nature.

Similarly, the purported "low training of core Coast Guard values" must be properly viewed. The promotion of values measured in the Climate Assessment Study were rated on a 5 point scale with a 1 representing "almost no extent; 3 representing "a moderate extent"; and 5 representing "a great extent." The survey indicated that all of the measured values were held to a greater than "a moderate extent" (all above 3.15) by all subpopulations at the Academy. (All elements ranked between 3.16 and 3.89.) However, the Academy still desires to improve all areas measured by the survey.

The following Academy programs address the climate assessment's recommendations:

Human Relations Council—23 members from various divisions and locations at the Academy, who address human relations issues.

Cadet Human Relations Program—48 cadets selected by their peers, who meet monthly for training and discussions on human relations topics.

Federal Women's Program—Federally mandated program which provides training and assesses the progress of women in the federal work-force.

The Social and Professional Interest Network (SPIN)—6 military and civilian permanent women employees located in different divisions and locations at the academy, who address issues related to diversity. SPIN received Connecticut's American Association of University women's 1993 Progress Toward Excellence in Equity award.

Women in Society Lecture Series—developed by First Class women cadets is a lecture series that presents issues and concerns of women at breakfast meetings.

The Academy has increased training on diversity and human relations issues including Sexual Harassment Prevention, Increasing Human Effectiveness, Employee Relations, Date Rape Prevention, Communications, Managing in a Minority Environment, and Leadership.

To address the CYA concern in the Climate Assessment the Academy has analyzed problems associated with this issue in the Cadet Corps itself and between the Cadet Corps and the Academy Administration. The Academy has (1) Increased involvement of cadets in the administration of the Honor System; (2) Modified company officer collateral duty assignments so that they have more time to spend with cadets; and (3) Established Corps-wide project committees which provide periodic reports to the Commandant of Cadets (i.e. project to overhaul the alcohol policy, familiarizing Cadets with the TQM process, etc.) This cadet involvement has decreased misperceptions and increased communications and trust. Additionally, cadets are encouraged to show more initiative in suggesting ideas and improvements to the Academy Administration.

Mr. WOLF. You also indicated that you presented a briefing to the Defense Advisory Committee on Women in the Services (DACOWITS) and laid out a plan for addressing the troubling issues identified in the study. Can you share the key elements of your plan with the Committee, and perhaps elaborate for the record?

[The information follows:]

The Climate Assessment focused recommendations around five major issues: encouragement of initiative, critical thinking, productivity, promoting an appreciation of diversity, and enculturation/morale. The study also indicated that, "Any significant change in the culture involves a myriad of limited, mutually-reinforcing actions which build momentum over time."

To address the recommendations, the academy has developed a four part plan of action. First it includes reviewing the many programs that were already in effect before the Climate Assessment and modifying programs as necessary to address current needs. This has been accomplished. Secondly, they have augmented these programs with new ones that address issues deemed relevant after the Climate Assessment. This is an ongoing process of continuous review and change to which the Academy is committed. These programs are summarized below.

The third phase is to complete and implement an in-depth Diversity Plan. This plan will tie all gender and ethnic issues together into a comprehensive approach whose goal is to make the Academy environment positive for all personnel. A study group representing a wide cross-section of Academy personnel (faculty, staff, cadets) has been formed and is well underway. A draft proposal should be completed within a few months.

The fourth part of the Academy's attack on climate-related issues involves assessment. They have begun, and will continue to implement, an extensive evaluation plan which will include all programs, past, present, and future. This is a part of the Academy's commitment to continuous improvement.

The Academy's implementation plan received excellent reviews and praise from DACOWITS and the college and university communities. It is important to note however, that changing some of the measurable behaviors of individuals, whether they be high school graduates just entering the Academy, or staff and faculty with extensive careers, takes time. The Academy has instituted a measurement and review process to assure that the programs they offer produce the desired results.

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VTS FOR HOUSTON SHIP CHANNEL

Mr. DELAY. For the past several years there has been an ongoing upgrade of the vessel traffic system for the Houston Ship Channel. Specifically, the installation of a radar at Eagle Point which will give full coverage of the Houston Ship Channel.

Last year you stated that the contract was to be awarded in the third quarter of 1993 and completion in the second quarter of 1994. What is the status of this project? Is the project still on time and on budget?

[The information follows:]

Completion of the project to provide radar coverage of 12 miles of the Houston Ship Channel from Red Fish Bar to Five Mile Cut has been delayed to the fourth quarter of fiscal year 1994. The project was delayed to take advantage of the availability of leased space for the radar on a private tower constructed in late 1993 in the Eagle Point area. Use of this leased radar site eliminates the need for the contract to build our own tower, and results in a savings to the federal government of over $200,000 in construction costs. The lease has been executed and radar installation will begin in the third quarter. The factor delaying project completion until the fourth quarter is the Coast Guard's desire to implement improved sensor displays and watchstander decision support capabilities and to standardize the VTC equipment suite with the VTS upgrade systems we are installing in New York, Puget Sound and San Francisco. These improvements are dependent upon software development for the VTS Puget Sound upgrade, which will be delivered in the fourth quarter. The project remains within budget.

VTS FOR CORPUS CHRISTI

Mr. DELAY. In a ports needs study conducted by the Coast Guard, which is basically a cost benefit analysis, Corpus Christi came out in the top tier, meaning their cost benefit was relatively high. Can you give the committee an update on any progress regarding the Corpus Christi VTS system?

[The information follows:]

A detailed analysis of Corpus Christi requirements has just been completed. This information is being used to update the cost benefit calculations.

After successful operational testing of the VTS in the two lead ports of LA/LB and New Orleans, scheduled for fiscal year 1998 at the earliest, Corpus Christi is one of the first ports in the next phase to begin construction.

EFFECT OF NAFTA ON GULF PORTS

Mr. DeLay. The passage of NAFTA, which I strongly supported, will mean a great deal for Texas and the Nation with regard to trade with Mexico. It will obviously have a significant impact on our infrastructure including waterways. Does the passage of NAFTA have a new influence on the needs of Gulf ports and has the Coast Guard looked at the changing needs now that NAFTA has passed?

[The information follows:]

The passage of NAFTA will undoubtedly have an influence on the volume and nature of marine traffic in our Gulf Coast ports. As trade with Mexico increases, there should be a commensurate increase in waterborne transportation of goods. Which Gulf Coast ports will be most affected and how this increased trade and traffic will affect each port's infrastructure is uncertain. Ports that are now operating at less than capacity are better suited to assimilate the increased traffic; others may require additional resources.

The Coast Guard is aware of the influences NAFTA could have on Gulf Coast ports but has not yet committed resources because of the uncertainties surrounding its eventual effects. However, the Coast Guard, as a result of the Oil Pollution Act of 1990, embarked upon a major acquisition project to establish vessel traffic services (VTS) in up to 17 ports around the United States, including the Gulf ports of New Orleans, Mobile, Tampa, Port Arthur, Houston-Galveston and Corpus Christi.

CERTIFICATE OF FINANCIAL RESPONSIBILITY RULEMAKING

Mr. DeLay. It appears that the notice of proposed rulemaking (NPRM) for OPA 90 Marine certificates of financial responsibility are highly controversial. The preliminary regulatory impact analysis (PRIA) concluded that most vessel owners and operators could not meet the proposed requirement because insurance and other third party mechanisms for satisfying the rule are not commercially available.

The PRIA concluded by saying "The short-term impact of the NPRM could leave the Nation in economic turmoil if promulgated unamended. * * *" I know for a fact that this would immediately and severely impact refineries in my district in a negative way. These refineries produce gasoline for cars, jet fuel for commercial aviation, and asphalt for our highways, just to mention a few of the benefits.

Are you taking into consideration suggestions for improvements in the NPRM proposed by the private sector shippers and others with long-standing experience in shipping?

[The information follows:]

The Coast Guard is very carefully considering all comments received on the NPRM and the preliminary regulatory impact analysis from the private sector.

Mr. DeLay. Has everyone who is knowledgeable and interested had an opportunity to be heard on the NPRM?

[The information follows:]

We believe that in the two and one half years of comments on the proposed rule and the preliminary regulatory impact analysis, parties interested in the matter have had ample opportunity to express their views. The Coast Guard has intentionally allowed for the time necessary to achieve this objective.

Mr. DELAY. In the public comments you have received, do you see any meritorious suggestions which could make the final rule workable?

[The information follows:]

The Coast Guard has received meritorious comments on this rulemaking, but Department of Transportation policy precludes us from discussing what may be contained in the final rule.

Mr. DELAY. Why is the Coast Guard prepared to impose an oil embargo upon this Nation when alternative solutions appear to exist?

[The information follows:]

While the Administrative Procedures Act precludes us from discussing what any final rule might require, the Coast Guard has no interest in imposing an "oil embargo" on the Nation. Nor does the Coast Guard believe that any resolution it adopts will have this effect. The issue is not if there will be an "oil embargo," but rather if actions taken by shipowners will impede oil transportation.

Mr. DELAY. What is the status of the rulemaking?

[The information follows:]

Department of Transportation policy precludes the Coast Guard from discussion the status of the rulemaking.

Mr. DELAY. What modification in the NPRM are you contemplating?

[The information follows:]

Department of Transportation policy precludes the Coast Guard from commenting on what changes to the NPRM any final rule may contain.

Mr. DELAY. When should promulgation of final rule be expected?

[The information follows:]

The Commandant has stated that he hopes to conclude this matter before May 31, 1994.

BOATING SAFETY

Mr. DELAY. Last year, we heard testimony from the National Transportation Safety Board regarding boating safety. Statistics that were stated to me were almost unbelievable. The statistic was that 10 years ago there were 5,000 boats in the State of Florida that could go faster than 50 miles per hour. Today that figure is 500,000.

In your response to my question last year, you stated that the Coast Guard has not been able to determine a correlation between fast boats and accidents or violations.

Admiral, I read the Coast Guard's monthly magazine and it seems that every month there is a report on a boat accident where high speed was involved. I don't have to tell you that many states are looking at the possibility of boat license for the operation of recreational boats. I view this as a money making scheme with no real benefit.

Education is the problem, not licensing. States could charge anything they wanted for these license and the income from sales in a state like Florida where over 700,000 boats are registered would be nothing to sneeze at. For example, at $15 dollars each, Florida could generate $10.5 million for whatever purpose they wanted. And why are states looking at licensing? Because of the perceived accident problem.

The insurance industry is also responding to recreational boating accidents. Insurance rates continue to go up for the average boater because of the accident liability they are responsible for covering.

I feel that there is a correlation between these fast boats, young drivers, accidents and increased insurance rates. Again, I do not have a problem with boats that go fast nor do I feel a need for mindless speed limitations. However, I am concerned about accidents and law enforcement violations that involve craft of this speed.

Last year, you responded to one of my questions indicating that speeding was the primary or secondary cause in about 14 percent of the reportable accidents in Florida. Could you provide for the record the percentage of reportable accidents caused by excessive speed in all states? Could you also provide a definition of what exactly "excessive speed" is according to the Coast Guard?

[The information follows:]

Speed was the primary, secondary, or tertiary cause of approximately twelve per cent of the total number of reported recreational boating accidents nationally for the years 1990 to 1992.

There is no exact definition of "excessive speed." The Navigation Rules, International/Inland Rule 6 (Rules of the Road) do discuss "safe speed." Rule 6 states that, "every vessel shall at times proceed at a safe speed so that she can take proper and effective action to avoid a collision and be stopped within a safe distance appropriate to the prevailing circumstances and conditions." The rule lists factors that should be taken into account in determining safe speed. These include, visibility, traffic density, maneuverability of the vessel, the presence of background light from shore or backscatter from the vessel's lights, and the state of wind, sea, current, and the proximity of navigational hazards. These circumstances and conditions must be examined in each case to determine if excessive speed was a causal factor.

Mr. DELAY. Could you also provide for the record the average age of these drivers that are involved in these accidents?

[The information follows:]

The average age of the operators involved in reported recreational boating accidents in which speed was factor was thirty-one years for the years 1990 to 1992.

COAST GUARD PRAYER BREAKFAST

Mr. DELAY. My last question has to do with last year's fiasco involving Gary Bauer. As you remember, Mr. Bauer was first invited and then disinvited to speak at the Coast Guard prayer breakfast. The only reason given for this rude and untimely event was that Mr. Bauer had a difference of opinion regarding homosexuals in the military with the President.

Is the Coast Guard holding a prayer breakfast this year?

[The information follows:]

A Thanksgiving Prayer Breakfast was held 19 November 1993, and a prayer breakfast is scheduled for May 4, 1994 in conjunction with the National Day of Prayer.

Mr. DELAY. Who is speaking at this event?

[The information follows:]

The speaker for the Thanksgiving Prayer Breakfast was Dr. Anthony T. Evans, president of The Urban Alternative in Dallas, Texas. The speaker for the National Day of Prayer breakfast will be Major General John S. Grinalds, USMC (Retired).

GREAT LAKES ICEBREAKING OPERATIONS

Mr. REGULA. As you know, Congress provided funding to keep the Mackinaw in operation until May of this year. Despite the Coast Guard's argument that its 140-foot boats are equal to the icebreaking capabilities of the Mackinaw, the companies shipping through the Great Lakes remain unconvinced.

What is the Coast Guard doing, if anything, to communicate with these companies and other interested organizations such as the Lake Carriers' Association and the Great Lakes Maritime Task Force of your commitment to keeping the shipping season open from late March to mid January?

[The information follows:]

The Commander, Ninth Coast Guard District and his staff have frequently discussed this issue with the Lake Carriers' Association and the individual shipping companies. We have consistently responded to individual member's concerns about our Great Lakes icebreaking capability and our commitment to support the reasonable demands of commerce during the winter navigation season. In addition, we have also frequently provided interested congressional staff with information regarding MACKINAW and the Coast Guard's icebreaking capability on the Great Lakes.

Mr. REGULA. Has there been any independent study made to determine if the 140-foot boats can replace the Mackinaw's ability to cut through the eight to 10 feet thick ice that can often develop on the lakes?

[The information follows:]

In 1981 a Coast Guard Research and Development Center study demonstrated that two 140′ icebreakers operating in tandem can create a track in ice comparable to MACKINAW's. More importantly, we have 15 years of operational experience with the 140′ Bay Class fleet in all ice conditions which has demonstrated their effectiveness.

Ship escort in ice is considerably more complicated than brute-force ability to break through various thicknesses of ice. Maneuverability—the ability to operate close to large moving vessels—is important, and the 140′ icebreakers and extremely maneuverable. The hull-lubricating bubbler system on the Bay Class significantly enhances their ability to operate in brash-filled waterways. Regardless of the icebreaker's capability, it is also important to take advantage of environmental conditions—avoiding windrowed areas, waiting for wind shifts, etc.

Mr. REGULA. What is the experience of the 140s in cutting through such ice? Have they experienced significant engine and equipment casualties as contended by Great Lakes' shippers?

[The information follows:]

Fifteen years of operational experience with the 140′ icebreakers has demonstrated that these ships are capable of operating in virtually all ice conditions experienced on the Great Lakes. The 140′ icebreakers are extremely maneuverable, have hull forms that are extremely effective, and have installed hull lubricating bubbler systems that enhance their icebreaking capability. They are able to use these characteristics even in challenging ice conditions. For example, on 16 March 1994, USCGC MOBILE BAY completed the break out of Escanaba Harbor by clearing a channel with over 30 inches of ice and 6 to 8 foot windrows. Two shipping companies have since begun shipping from Escanaba without icebreaker escort.

In general, the 140′ icebreakers have been very reliable. They average 15 days per year per ship of unscheduled maintenance while MACKINAW averages 40 days per year of unscheduled maintenance. The Coast Guard will complete a propulsion generator replacement on all five Great Lakes 140′ icebreakers before the next winter season. In addition, the Coast Guard has requested a seven person maintenance augmentation team in the fiscal year 1995 budget to assist 140′ icebreaker crews with ship's maintenance. The combination of these supportability improvements should further reduce unscheduled maintenance.

Mr. REGULA. Is the Coast Guard able to guarantee that there will be no shortening in the shipping season without the Mackinaw?

[The information follows:]

The desired shipping season is ultimately driven by environmental conditions, not icebreaking resources. Even with MACKINAW, the Coast Guard cannot guarantee there will never be an impact on the shipping season. During normal winter conditions, we can easily meet our icebreaking requirements with our fleet of 140′ icebreakers on the Great Lakes. During extreme ice conditions, such as those occurring this year—a once-in-20-years event—we will commit our resources to areas of critical need. The mobility and icebreaking capabilities of the 140′ icebreakers, the track maintenance capabilities of the three 180′ buoy tenders presently assigned to the Great Lakes, and the close liaison we have with the Canadian Coast Guard, makes considerable resources available to support the reasonable needs of commerce.

Mr. REGULA. The Lake Carriers' Association has proposed that the Mackinaw be kept in seasonal service. Under this proposal, the ship would be activated in March and then again in December to break through ice. For the remainder of the year, it could be staffed by Reservists for the most part supplemented by Ninth District personnel. Has this proposal been submitted to you for consideration? Would you please comment on its viability?

[The information follows:]

We have received a copy of the proposal, and will consider this operational concept along with other alternatives. However, MACKINAW is an old and complex ship. Operational training requirements, maintenance upkeep, and emergency response capabilities would be difficult to support at adequate levels with a part-time crew. During ice conditions, aids to navigation in ice conditions may be unreliable, requiring increased area familiarization and experience in operating a vessel of MACKINAW's size. Furthermore, maintenance requirements and the needed safety and habitability improvements represent significant costs which would not be avoided through part-time operations of MACKINAW. Operating MACKINAW with a part-time crew may increase our risks to unacceptable levels during the most critical period of operations.

Finally, we can support the reasonable needs of commerce with our existing 140′ WTGB fleet, so any additional cost to operate MACKINAW, either part-time or full-time, may not be cost-effective.

BUOY CHAIN PROCUREMENT

Mr. MCDADE. What is the Coast Guard's annual procurement of chain? In your answer, please distinguish between welded link chain, iron or nonalloy steel, over 10 millimeter diameter; stud link chain, including heavy anchor and mooring chain; and skid chain. Include tonnage weights and cost.

What is the Coast Guard's expected fiscal year 1995 procurement of chain?

[The information follows:]

The Coast Guard spends an average of $2 million per year on buoy chain. These funds procure approximately 2,300 tons of chain. All of the buoy chain which the Coast Guard procures is; (1) open link-welded chain, (2) low carbon grade non-alloy steel, and (3) over 10 mm diameter. The size of Coast Guard buoy chain ranges between ½ inch (12.7 mm) and 1⅞ inch diameter (47.6 mm). None of the Coast Guard's buoy chain is stud link chain or skid chain.

The Coast Guard's expected 1995 procurement of buoy chain is $2 million and 2,300 tons.

Mr. MCDADE. What producers, both foreign and domestic, has the Coast Guard contracted with to obtain its chain?

[The information follows:]

Over the past five years, the Coast Guard has procured buoy chain from the following domestic and foreign manufacturers:

Cooper Tool—York, PA.

Lister Bolt & Anchor—Blaine, WA.

Lister Bolt & Anchor—Vancouver, British Columbia, Canada.

C. Melcher's & Co.—San Francisco, CA (Prime Contractor); (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

Fehr Brothers—New York, NY (Prime Contractor); (Subcontractor's Factory—Slovenske Zelezarne Veriga, Lesce, Slovenia.

Weisz & Co., Inc.—Randolph, NJ (Prime Contractor); (Subcontractor's Factory—Slovenske Zelezarne Veriga, Lesce, Slovenia.

CGH Enterprises Inc.—Brooklyn, NY (Prime Contractor); (Subcontractor's Factory—Dalian Chains Co. LTD, Dalian Liaoning, Peoples Republic of China).

CGH Enterprises Inc.—Brooklyn, NY (Prime Contractor); (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

Cosmo General Hardware ENT, Inc.—Palisades Park, NJ; (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

Mr. McDade. What has been the Coast Guard's experience with these providers? Has the chain been of sufficient quality and has it been delivered on time?

[The information follows:]

The Coast Guard is generally satisfied with our buoy chain suppliers. The buoy chain provided to the Coast Guard has been of sufficient quality. The Coast Guard has experienced some late deliveries from both domestic and foreign chain manufacturers.

Mr. McDade. From whom does the Coast Guard acquire its chain in diameter in excess of 1 inch? Are there any domestic producers of chain that meets the Coast Guard's specifications? If so, who?

[The information follows:]

The Coast Guard has acquired large-size buoy chain (1 inch diameter and larger) from the following manufacturers:

Lister Bolt & Anchor—Blaine, WA.

Lister Bolt & Anchor—Vancouver, British Columbia, Canada.

C. Melcher's & CO.—San Francisco, CA (Prime Contractor); (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

Fehr Brothers—New York, NY (Prime Contractor); (Subcontractor's Factory—Slovenske Zelezarne Veriga, Lesce, Slovenia.

Weisz & Co., Inc.—Randolph, NJ (Prime Contractor); (Subcontractor's Factory—Slovenske Zelezarne Veriga, Lesce, Slovenia.

CGH Enterprises Inc.—Brooklyn, NY (Prime Contractor); (Subcontractor's Factory—Dalian Chains Co. LTD, Dalian Liaoning, Peoples Republic of China).

CGH Enterprises Inc.—Brooklyn, NY (Prime Contractor); (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

Cosmo General Hardware ENT, Inc.—Palisades Park, NJ; (Subcontractor's Factory—Zhenjiang Anchor Chain Factory, Zhenjiang, Peoples Republic of China).

There are two domestic manufacturers that produce large-size buoy chain in the U.S. which meet our specifications. They are Lister Bolt & Anchor of Blaine, WA and Baldt Anchor & Chain of Chester, PA. However, Baldt has not been a successful low bidder on Coast Guard buoy chain contracts.

Mr. McDade. As you know, the Department of Defense has been placed under a Federal statutory restriction on purchase of anchor and mooring chain of 4 inch diameter or less that requires that the agency procure such chain from a domestic producer. What would be the practical effect if the Coast Guard were placed under similar statutory restrictions implemented in 48 CFR 225.7012? How would the Coast Guard's experience differ from that of the Department of Defense, if at all?

[The information follows:]

We anticipate that placing the Coast Guard under similar statutory restrictions would have a severe negative effect on our ability to fulfill operational needs. First, we expect that the restrictions would at least double and possibly triple our annual buoy chain acquisition costs. Such a drastic increase would strain already limited funding for this hardware. Second, there are only two domestic manufacturers of large-size, open-link buoy chain (over 1″ diameter). These manufacturers can not now and, based on our information, will not be able in the future to furnish the quantities of chain necessary to meet the Coast Guard's operational needs.

Discussions with Naval Sea Systems Command and Naval Facilities personnel indicate that the Navy has continual problems with domestic chain suppliers meeting contract delivery schedules because of manufacturing capacity limitations. Forcing the Coast Guard to adhere to similar federal statutory restrictions will cause unacceptable delivery delays for both agencies. Based on Coast Guard and Navy contracting experience, domestic chain manufacturers are unable to meet the combined Department of Defense and Coast Guard requirements.

The practical effect of placing the Coast Guard under similar statutory restrictions would be our inability to procure the annual buoy chain requirements in a timely manner. Without the new buoy chain, the Coast Guard will be unable to replace worn chain that is currently mooring navigational buoys. Ultimately, this could be expected to result in buoy chain failures and associated adverse safety impacts on our national aids to navigation system. In a worst case scenario, buoys would break free and drift off their assigned charted positions leaving our nation's waterways vulnerable to major maritime and ecological disasters.

PROCUREMENT ACTIONS AS PART OF GATT NEGOTIATIONS

Mr. McDade. What is the status and details of any open procurement actions at the Department of Transportation extended as part of GATT negotiations? What would the effect of such open procurement be on the Coast Guard?

[The information follows:]

The Coast Guard has no knowledge of any open procurement actions at the Department of Transportation (DOT) extended as part of GATT negotiations. Contacts with DOT, Office of International Transportation and Trade; and DOT, Assistant General Counsel for International Law, indicate that DOT has no policy to extend any Coast Guard open procurement actions as part of GATT negotiations. The effect of such open procurement extensions on the Coast Guard is otherwise unknown.

CLOSING REMARKS

Mr. Carr. Unless the Assistant Secretary has any final comments—find any demos while we have been talking here?

Ms. Stoll. I have been racking my brain about it. We ought to talk.

Mr. Carr. You probably toss and turn at night thinking about demonstration projects.

Anyway, we may, before your tenure is out, Admiral, have some special hearings on matters of interest to people pertaining to the Coast Guard, so we may see you again. But in the event that we do not, a heartfelt thanks from this Committee for the service you have rendered to the country, and we look forward to hearing of new prosperous adventures for you in the future.

Admiral Kime. Thank you, Mr. Chairman. Again, let me thank you for your tremendous support and if the Committee sees need for further hearings, we would be more than pleased to participate with you in that endeavor. Thank you.

Mr. Carr. With that the Committee is adjourned.

[The justifications follow:]

U.S. Department of
Transportation

BUDGET ESTIMATES

FISCAL YEAR 1995

UNITED STATES COAST GUARD

SUBMITTED FOR USE OF
THE COMMITTEES ON APPROPRIATIONS

1995 COAST GUARD BUDGET ESTIMATES

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U.S. COAST GUARD
FY 1995 CONGRESSIONAL STAGE BUDGET JUSTIFICATION

GENERAL STATEMENT OF REQUEST

The FY 1995 budget proposes a funding level of $3.810 billion. Included in this total are $60.6 million from the Oil Spill Liability Trust Fund, and $7.5 million from the Sport and Fish Restoration account of the Aquatic Resources Trust Fund. In both operating and capital programs, this budget continues to focus on delivering essential services to the public in the areas of maritime safety, marine environmental safety and protection, law enforcement, and national security.

The Coast Guard's FY 1995 budget is the first full year of a significant multi-year effort to re-engineer and "streamline" the Service in support of the principles and goals of the President's initiatives of deficit reduction, infrastructure investment and reinventing and right-sizing government. The request is consistent with the Administration's National Performance Review, and supports the Secretary's strategic plan and goals for our national transportation system. All Coast Guard programs were examined to identify potential savings and efficiencies. The primary consideration in this review was preservation of the Coast Guard's unique blend of core capabilities, characteristics and attributes ... and its ability to execute core missions and responsibilities by providing essential services to the public. In adjusting the Service's mix of operational and support resources, certain critical characteristics and capabilities were given priority:

- Maintaining a multi-mission capability with a sound command and control structure;

- Ensuring sufficient, well maintained operating and support facilities;

- Preserving the military nature of the Service and its unique combination of capabilities that provide the President flexibility to respond to ongoing and evolving national security scenarios, to carry out national policy, and to respond to domestic crises;

- Preserving the unique mix of Coast Guard's law enforcement authority and capabilities;

- Preserving the capabilities to ensure safe transportation on the nation's waterways;

- Preserving essential elements of the support infrastructure so as to maintain an adequate readiness and response posture; and

- Maintaining a well trained, motivated and professional workforce.

Coast Guard FY 1995 resource adjustments are targeted to certain fundamental areas and facilities based on specific streamlining criteria. Many of the resource adjusting initiatives are simply good management decisions applicable in any budget environment; they allow the Coast Guard to maintain current services more productively. These include:

- Reducing overhead and administrative costs; reducing headquarters and administrative staffs; cutting general support personnel by over 280 positions; and trimming administrative costs across various administrative support areas and programs.

- Minimizing organizational and management layers, and cutting out those layers which add only marginal value to Coast Guard services; discontinuing selected inspection functions such as public vessel and unmanned barge inspections; and re-engineering the recreational boat factory and liferaft factory visit programs.

- Standardizing and consolidating resources and functions to realize support and maintenance savings; consolidating the vessel documentation function and its 14 associated field offices into one central office; and reducing civil engineering staffs to better match future acquisition, construction and improvement project loads and funding levels.

- Examining potential economies with a focus on exploiting existing and emerging technologies that could improve mission efficiency and productivity; phasing out LORAN staff and stations as new navigational systems technologies, such as Differential Global Positioning, come on line; taking full advantage of communication technology advancements to make it possible to phase out High Frequency-Morse Code service and restructure the communication services the Coast Guard provides.

- Identifying relatively low workload, less cost effective and/or older, higher maintenance units and facilities for reduction or elimination; and, closing, consolidating or decommissioning several Coast Guard facilities, vessels, aircraft, and shore stations.

The FY 1995 request proposes reducing a significant number of people, a little over 1,100 full time positions (FTP). This includes a reduction of 113 civilian positions as part of the President's initiative to streamline the federal workforce.

The nature of a military workforce makes a reduction of this magnitude extremely difficult to execute in one year. The FY 1995 budget request, as the first full year of a multi-year downsizing effort, proposes spreading the full-time equivalent work years associated with these personnel reductions over approximately two years to minimize the disruption to the workforce and allow for an orderly, controlled downsizing. Critical to effective workforce redefinition, is the $9.8M requested to support workforce shaping "tools" to ensure the composition of the workforce after streamlining is consistent with mission needs. The initiatives requested (for example, high year tenure and special separation bonus options) are consistent with the authorities now available to the Department of Defense to manage their military workforce.

A key principle adhered to in this downsizing review was preserving the core infrastructure necessary to fully support the organization remaining. Preserving properly maintained multi-mission assets and a quality, well trained, well motivated, fully supported workforce is critical to the success of this downsizing effort and the continuation of essential Coast Guard services to the public.

$2.631 billion for Operating Expenses funds the continued operation and maintenance of a wide range of multipurpose vessels, aircraft, shore units and aids-to-navigation. This request includes $25 million from the Oil Spill Liability Trust Fund. Over sixty percent ($1.593 billion) of this account funds Coast Guard personnel compensation and benefits and related costs. The 1.5 percent increase ($38.7 million) over the FY 1994 enacted level is somewhat misleading. This incremental increase, the smallest requested since 1979, represents a net of some $69.7 million in non-discretionary increases, $9.4 million in necessary follow-on funding, and a very small $2.2 million for mission enhancements, offset by $42.6 million in proposed programmed reductions. The proposed reductions offset more than 53 percent of the increase, which is largely non-discretionary. Difficult, but fiscally responsible and programmatically based, the proposed reductions support the President's streamlining and deficit reduction initiatives. These FY 1995 reductions, when fully annualized in FY 1996, will produce recurring savings of over $100 million. The budget provides critical follow-on funding for key capital acquisition projects completed in FY 1995. They are: the first of the replacement fleet for both the Seagoing and Coastal Buoy Tenders, the first 20 Motor Life Boat replacements, Vessel Traffic Services upgrades, Differential Global Positioning System stations, Information Resources Management systems, and various shore facilities. The budget requests an extremely limited amount of funding for program enhancements, only $2.2 million. Most of that is for necessary improvements to internal hazardous materials management, disposal, and training programs at Coast Guard facilities.

3

A major focus of the FY 1995 request is increasing the well being of the Coast Guard's $18 billion dollar capital plant. Recent downward trends in the capital appropriation, Acquisition, Construction, and Improvements (AC&I), threaten the Coast Guard's ability to properly maintain these assets and, therefore jeopardize the Coast Guard's future operational posture.

A $439.2 million request for AC&I will support the minimum capital improvements considered necessary for ship, aircraft and boat fleets, information resource management systems, shore facilities and aids to navigation. This request includes $32.5 million from the Oil Spill Liability Trust Fund. Funding is requested to continue the replacement and modernization of the Coast Guard's extensive portfolio of operational assets and support infrastructure. This request contains $214.2 million for replacement and renovation of ships and boats, including Seagoing and Coastal buoy tenders, buoy boats, motor lifeboats, coastal patrol boats, icebreakers and medium endurance cutters. $14.9 million is requested for aircraft improvements. $61.5 million is programmed for the acquisition and upgrade of vessel traffic service and other command, control and communications equipment. The request includes $103.6 million for various shore construction and aids to navigation projects. $45 million is requested for personnel and related costs associated with management of ongoing, as well as new, capital account projects.

$65 million is requested for Reserve Training, to fully train and support a ready military Selected Reserve force of 7,000 members, a decrease of 1,000 members from the current 8,000 member force. This request includes $3.7 million to fund Reserve transition benefits associated with the downsizing of the Selected Reserve.

$25 million is requested for Environmental Compliance and Restoration, to carry out the Coast Guard's responsibility, under Chapter 19 of Title 14 of the U.S. Code, to remediate environmental contamination resulting from construction and operation of current and former Coast Guard facilities. The funds also provide for ensuring Coast Guard facilities come into compliance with applicable federal, state, and local environmental regulations.

$20.3 million is requested for Research, Development, Test and Evaluation, including $3.15 million from the Oil Spill Liability Trust Fund, to provide for the research, development, test and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's missions in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, and defense readiness.

No funds are requested for Alteration of Bridges since the Coast Guard plans to undertake only highway bridge alteration projects in FY 1995. In keeping with congressional direction, the Department of Transportation will seek to obtain $13 million from Federal Highway Administration (FHWA) discretionary bridge program funds to continue or begin work on two highway bridge projects: Sidney Lanier HWY bridge, Brunswick, GA and the Limehouse HWY bridge, Charleston, SC.

Finally, to assist meeting the President's budget reduction target, no discretionary Bcat Safety State Grant funds are requested for FY 1995. The Coast Guard will continue to manage the National Boating Safety Program, but because the States collectively spend over four times the amount provided by the Federal Government and the program has achieved a significant degree of success, financial assistance to the States for developing and implementing boating safety initiatives will be limited to mandatory funding of $7.5 million provided pursuant to Title V of P.L. 102-587.

DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD
RESOURCE SUMMARY — FINANCING
(Dollars in thousands)

APPROPRIATION TITLE	BUDGET AUTHORITY FY 1993 ACTUAL	 FY 1994 ESTIMATE	 FY 1995 ESTIMATE
Operating Expenses....(1)	2,561,065	2,591,770	2,630,505
Operating Expenses Proposed Rescission ...(2)	....	-5,000	....
Acquisition, Construction, and Improvements ....(3)	340,000	307,500	439,200
Acquisition, Construction, and Improvements Proposed Rescission ...(2)	....	-2,000	....
Environmental Compliance, and Restoration....	22,000	22,600	25,000
Alteration of Bridges	12,600	12,940	....
Retired Pay	519,700	548,774	562,585
Reserve training ....(4)	73,000	64,000	65,032
Research, Development, Test and Evaluation ....(5)	27,815	22,500	20,310
Boat Safety ....(6)	37,250	39,750	7,500
Emergency Fund (OSLTF)	50,000	50,000	50,000
Payment of Claims (OSLTF)	5,603	10,000	10,000
Miscellaneous Trust Funds ....(7)	229	80	80
Total net	3,649,262	3,662,914	3,810,212

NOTE: The following footnotes reflect dollars in thousands:

(1) For comparability purposes, this table includes $32,250 in 1993 and 1994 from the Boat Safety Account; $25,000 in 1993-95 from the Oil Spill Liability Trust Fund; $253,000 in 1993, and $21,700 in 1994 transferred from the Department of Defense; 1993 reflects a $7,000 Rescission, pursuant to P.L.103-050, and includes supplemental funding of $10,000, pursuant to P.L. 103-75.

(2) Proposed rescission of Unobligated balances related to Hurricanes Andrew and Iniki in P.L. 102-368.

(3) For comparability purposes, this table includes $35,640 in 1993, $20,000 in 1994, and $32,500 in 1995 from the Oil Spill Liability Trust Fund. In addition, reflects $20,000 rescission in 1994 from unobligated balances pursuant to P.L. 103-122.

(4) Includes $50,000 in 1993 transferred from the Department of Defense.

(5) For comparability purposes, this table includes $5,595 in 1993, $4,457 in 1994, and $3,150 in 1995 from the Oil Spill Liability Trust Fund.

(6) Includes $5,000 in 1993, $7,500 in 1994 and 1995, pursuant to Title V of P.L. 102-587.

(7) Includes Miscellaneous Trust Revolving Funds and Coast Guard General Gift Fund.

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DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD
RESOURCE SUMMARY — FINANCING
(Dollars in thousands)

APPROPRIATION TITLE	PROGRAM LEVEL FY 1993 ACTUAL	 FY 1994 ESTIMATE	 FY 1995 ESTIMATE
Operating Expenses ....(1)	2,582,495	2,600,439	2,630,505
Operating Expenses Proposed Rescission ...(2)	....	-5,000	....
Acquisition, Construction, and Improvements ....(3)	364,398	352,357	560,450
Acquisition, Construction, and Improvements Proposed Rescission ...(2)	....	-2,000	....
Environmental Compliance and Restoration	21,779	22,600	25,000
Alteration of Bridges	12,596	12,964	....
Retired Pay	500,150	532,490	562,585
Reserve Training ....(4)	72,733	64,000	65,032
Research, Development, Test and Evaluation ....(5)	33,431	24,312	20,810
Boat Safety ....(6)	36,398	39,750	7,500
Emergency Fund (OSLTF)	6,255	15,000	15,000
Payment of Claims (OSLTF)	5,603	10,000	10,000
Supply Fund	-25	-25	-26
Yard Fund	-19,136	-4,888	11,756
Miscellaneous Trust Funds ....(7)	27	44	43
Total net	3,616,704	3,662,043	3,908,655

NOTE: The following footnotes reflect dollars in thousands:

(1) For comparability purposes, this table includes $32,250 in 1993 and 1994 from the Boat Safety Account; $25,000 in 1993-95 from the Oil Spill Liability Trust Fund; $253,000 in 1993, and $21,700 in 1994 transferred from the Department of Defense; 1993 reflects a $7,000 Rescission, pursuant to P.L.103-050, and includes supplemental funding of $10,000, pursuant to P.L. 103-75.

(2) Proposed rescission of Unobligated balances related to Hurricanes Andrew and Iniki in P.L. 102-368.

(3) For comparability purposes, this table includes $35,640 in 1993, $20,000 in 1994, and $32,500 in 1995 from the Oil Spill Liability Trust Fund. In addition, reflects $20,000 rescission in 1994 from unobligated balances pursuant to P.L. 103-122.

(4) Includes $50,000 in 1993 transferred from the Department of Defense.

(5) For comparability purposes, this table includes $5,595 in 1993, $4,457 in 1994, and $3,150 in 1995 from the Oil Spill Liability Trust Fund.

(6) Includes $5,000 in 1993, $7,500 in 1994 and 1995, pursuant to Title V of P.L. 102-587.

(7) Includes Miscellaneous Trust Revolving Funds and Coast Guard General Gift Fund.

DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD
RESOURCE SUMMARY — FINANCING
(Dollars in thousands)

	OUTLAYS		
APPROPRIATION TITLE	FY 1993 ACTUAL	FY 1994 ESTIMATE	FY 1995 ESTIMATE
Operating Expenses ....(1)	2,513,615	2,605,716	2,385,282
Acquisition, Construction, and Improvements ....(2)	310,814	316,929	330,563
Environmental Compliance and Restoration	20,372	18,928	20,853
Alteration of Bridges	6,749	24,170	12,905
Retired Pay	504,648	501,760	557,920
Reserve Training	65,949	63,616	64,898
Research, Development, Test and Evaluation ....(3)	26,638	28,197	21,330
Boat Safety	69,218	69,696	24,418
Pollution Fund	27	3	....
Emergency Fund (OSLTF)	9,751	15,000	15,000
Payment of Claims (OSLTF)	5,603	10,000	10,000
Trust Fund Share of Expenses (OSLTF)	66,235	49,457	60,650
Supply Fund	–4,639	400	400
Yard Fund	–19,906	–2,741	5,000
Gift Fund	63	80	80
Miscellaneous Trust Funds	147	150	155
Total net	3,575,284	3,701,361	3,509,454

NOTE: The following footnotes reflect dollars in thousands:

(1) Excludes $32,250 in 1993 and 1994 from the Boat Safety Account and $25,000 from the Oil Spill Liability Trust Fund (Trust Fund Share of Expenses) in 1993–95.

(2) Excludes $35,640 in 1993, $20,000 in 1994, and $32,500 in 1995 from the Oil Spill Liability Trust Fund (Trust Fund Share of Expenses).

(3) Excludes $5,595 in 1993, $4,457 in 1994, and $3,150 in 1995 from the Oil Spill Liability Trust Fund (Trust Fund Share of Expenses).

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DEPARTMENT OF TRANSPORTATION — COAST GUARD
RESOURCE SUMMARY - STAFFING

	POSITIONS (FULL-TIME PERMANENT)			FTE (1) (FULL-TIME EQUIVALENT)		
DIRECT FUNDED - BY APPROPRIATION:	*1993 Authorized*	*1994 Estimate*	*1995 Request*	*1993 Actual*	*1994 Estimate*	*1995 Request*
Operating Expenses:						
Military	38,286	37,592	36,589	38,242	37,856	37,325
Civilian	5,169	5,032	4,920	5,136	5,071	4,994
Acquisition, Construction, and Improvements:						
Military	347	386	432	327	384	394
Civilian	303	318	325	275	293	299
Environmental Compliance and Restoration:						
Military	11	11	11	7	11	11
Civilian	62	62	61	47	62	61
Reserve Training:						
Military	570	482	447	570	482	473
Civilian	106	104	104	102	98	98
Research, Development, Test and Evaluation:						
Military	59	54	42	53	48	42
Civilian	96	93	85	81	90	82
Yard:						
Military	24	24	24	24	24	24
Civilian	654	654	654	690	632	632
SUBTOTAL, DIRECT FUNDED:						
Military	39,297	38,549	37,545	39,223	38,805	38,269
Civilian	6,390	6,263	6,149	6,331	6,246	6,166
REIMBURSABLES:						
Operating Expenses:						
Military	127	116	107	119	116	107
Civilian	22	22	23	19	20	23
TOTAL - Military	39,424	38,665	37,652	39,342	38,921	38,376
TOTAL - Civilian	6,412	6,285	6,172	6,350	6,266	6,189

NOTE: (1) Operating Expenses includes 114 Youth Opportunity Full-time Equivalent in 1993 and 140 in 1994 and 140 in 1995.

1995 COAST GUARD BUDGET SUMMARY

EXHIBIT I

(dollars in thousands)

Appropriation (Direct)	Category	1993 Actual	1994 Estimate	1995 Estimate
Operating expenses	Appropriation..........	$2,561,065	$2,591,770	$2,630,505
	Proposed Rescission..	....	-$5,000	....
	Outlays..................	$2,513,615	$2,605,716	$2,385,282
	Military Positions.....	38,286	37,592	36,589
	Civilian Positions.....	5,169	5,032	4,920
Acquisition, construction, and improvements	Appropriation..........	$340,000	$307,500	$439,200
	Proposed Rescission..	....	-$2,000	....
	Outlays..................	$310,814	$316,929	$330,563
	Military Positions.....	347	386	432
	Civilian Positions.....	303	318	325
Environmental compliance and restoration account	Appropriation..........	$22,000	$22,600	$25,000
	Outlays..................	$20,372	$18,928	$20,853
	Military Positions.....	11	11	11
	Civilian Positions.....	62	62	61
Alteration of bridges	Appropriation..........	$12,600	$12,940	....
	Outlays..................	$6,749	$24,170	$12,905
Retired pay	Appropriation..........	$519,700	$548,774	$562,585
	Outlays..................	$504,648	$501,760	$557,920
Reserve Training	Appropriation..........	$73,000	$64,000	$65,032
	Outlays..................	$65,949	$63,616	$64,898
	Military Positions.....	570	482	447
	Civilian Positions.....	106	104	104
Research, development, test and evaluation	Appropriation..........	$27,815	$22,500	$20,310
	Outlays..................	$26,638	$28,197	$21,330
	Military Positions.....	59	54	42
	Civilian Positions.....	96	93	85
Boat safety	Appropriation..........	$37,250	$39,750	$7,500
	Outlays..................	$69,218	$69,696	$24,418
Pollution fund (current/ permanent, special fund)	Appropriation..........	....	....	....
	Outlays..................	$27	$3	....
Emergency fund (OSLTF) (definite / indefinite, special fund)	Appropriation..........	$50,000	$50,000	$50,000
	Outlays..................	$9,751	$15,000	$15,000
Payment of claims (OSLTF) (definite / indefinite, special fund)	Appropriation..........	$5,603	$10,000	$10,000
	Outlays..................	$5,603	$10,000	$10,000
Trust fund share of expenses (OSLTF) (definite / indefinite, special fund)	Appropriation..........	....	....	....
	Outlays..................	$66,235	$49,457	$60,650
Coast Guard supply fund	Outlays..................	-$4,639	$400	$400

(Continued Next Page)

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1995 COAST GUARD BUDGET SUMMARY

EXHIBIT I

(dollars in thousands)

Appropriation (Direct)	Category	1993 Actual	1994 Estimate	1995 Estimate
Coast Guard yard fund	Outlays	-$19,906	-$2,741	$5,000
	Military Positions	24	24	24
	Civilian Positions	654	654	654
Coast Guard general gift	Appropriation	$229	$80	$80
(permanent, indefinite)	Outlays	$63	$80	$80
Miscellaneous trust revolving funds	Outlays	$147	$150	$155
Totals (Direct)	Appropriation	$3,649,262	$3,662,914	$3,810,212
	Outlays	$3,575,284	$3,701,361	$3,509,454
	Military Positions	39,297	38,549	37,545
	Civilian Positions	6,390	6,263	6,149

NOTES: (1) Boat safety account includes transfers of $32,250 in 1993 and 1994 to the Operating Expenses appropriation.

(2) Oil spill liability trust fund account includes transfers of $25,000 in OE, $35,640 in AC&I, and $5,595 in RDT&E in 1993 and $25,000 in OE, $20,000 in AC&I, $4,457 in RDT&E in 1994, and $25,000 in OE, $32,500 in AC&I and $3,150 in RDT&E in 1995.

FY 1995

COMPUTER SYSTEMS SECURITY

For FY 1995, no discreet funding items are being requested in this budget to implement computer systems security measures, as defined in OMB Circular A-130.

WORKING CAPITAL FUND

Costs of Services to be provided by the Office of the Secretary Working Capital Fund in 1995 are estimated to be $22,385,000.

CONSULTING SERVICES

The Coast Guard's FY 1995 request includes funding level estimates for Consulting services, as defined in the Office of Management and Budget (OMB) Circular A-11, dated April 4, 1993. The Operating Expenses (OE) appropriation request includes an estimate of $1,570,000, the same level as FY 1994, and the Research, D-velopment, Test, & Evaluation (RDT&E) appropriation includes an estimate of $175,000, an increase of $25,000 over FY 1994.

OPERATING EXPENSES

For necessary expenses for the operation and maintenance of the Coast Guard, not otherwise provided for; purchase of not to exceed [four] *fifteen* passenger motor vehicles for replacement only; payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), and section 229(b) of the Social Security Act (42 U.S.C. 429(b)); and recreation and welfare; [$2,570,000,000] *$2,630,505,000*, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund[; and of which $32,250,000 shall be expended from the Boat Safety Account]: *Provided*, That the number of aircraft on hand at any one time shall not exceed two hundred and [twenty-three] *eighteen*, exclusive of aircraft and parts stored to meet future attrition: *Provided further*, That none of the funds appropriated in this or any other Act shall be available for pay or administrative expenses in connection with shipping commissioners in the United States: *Provided further*, That none of the funds provided in this Act shall be available for expenses incurred for yacht documentation under 46 U.S.C. 12109, except to the extent fees are collected from yacht owners and credited to this appropriation: [*Provided further*, That of the funds provided under this head, not less than $6,000,000 in work currently scheduled to be conducted at the Coast Guard Yard is to be awarded based upon a competitive solicitation of both public and private shipyards:] *Provided further*, That the Commandant shall reduce both military and civilian employment levels for the purpose of complying with Executive Order No. 12839. *(Department of Transportation and Related Agencies Appropriations Act, 1994*, additional authorizing legislation to be proposed.)

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES APPROPRIATION BUDGET DETAIL
(dollars in thousands)

Program, Project and Activity (PPA)	FY 1993 Budgeted Level	FY 1994 Budgeted Level	FY 1995 Increment	FY 1995 Budgeted Level
I. Personnel Compensation, Benefits and Related Costs:				
- Military	1,200,714	1,228,445	9,835	1,238,280
- Civilian	165,418	167,853	774	168,627
- Medical Care and Equipment	109,344	114,493	8,178	122,671
- Permanent Change of Station (PCS) - Related Travel and Transportation	58,268	55,659	2,287	57,946
Subtotal PPA I.	1,533,744	1,566,450	21,074	1,587,524
II. Depot-level Maintenance and Repair:				
- Aeronautical Maintenance	137,994	138,120	2,927	141,047
- Electronics Maintenance	35,284	34,788	420	35,208
- Civil Engineering and Shore Facility Maintenance	92,970	91,577	1,781	93,358
- Vessel Maintenance	94,707	93,153	1,225	94,378
Subtotal PPA II.	360,955	357,638	6,353	363,991
III. Opeations and Support:				
- Area Operations and Support:				
- Area Offices	25,885	26,804	501	27,305
- Maintenance and Logistics Commands (MLC)	107,187	109,863	2,901	112,764
- Cutters:				
- Polar Class Icebreakers(WAGB)	2,212	2,276	48	2,324
- High Endurance Cutters(WHEC)	11,685	12,024	253	12,277
- Medium Endurance Cutters(WMEC)	16,706	17,191	13	17,204
- Communications Stations	2,023	2,082	26	2,108
- Command, Control, Communications and Intelligence (C3I) Centers	257	264	-240	24
Total Area Operations and Support	165,955	170,504	3,502	174,006
- District Operations and Support:				
- District Offices	61,059	58,574	2,459	61,033
- Groups and Bases	70,262	69,839	3,023	72,862
- Combined Group and Air Stations	9,781	9,722	646	10,368
- Air Stations	47,237	46,953	1,275	48,228
- Marine Safety Offices (MSO)	7,898	7,850	207	8,057
- Long Range Electronic Navigation Aids Stations	6,460	6,421	1,294	7,715
- Cutters	28,008	27,859	707	28,566
- Vessel Traffic Services (VTS)	226	225	1,617	1,842
Total District Operations and Support	230,931	227,443	11,228	238,671
- Ammunition and Small Arms	8,306	8,291	134	8,425
Subtotal PPA III.	405,192	406,238	14,864	421,102

OPERATING EXPENSES APPROPRIATION BUDGET DETAIL (Cont)

(dollars in thousands)

Program, Project and Activity (PPA)	FY 1993 Budgeted Level	FY 1994 Budgeted Level	FY 1995 Increment	FY 1995 Budgeted Level
IV. Recruiting and Training Support:				
- Recruiting	4,412	3,888	-188	3,700
- Training Centers	32,519	30,239	-250	29,989
- Coast Guard Academy	13,166	12,831	807	13,638
- Professional Training/Education	28,687	25,694	1,402	27,096
Subtotal PPA IV.	78,784	72,652	1,771	74,423
V. Coast Guard-wide centralized services and support:				
- Headquarters units:				
- Supply Centers	9,331	8,832	143	8,975
- Finance Center	5,221	5,290	85	5,375
- Military Pay and Personnel Center	1,223	1,215	20	1,235
- Activities Europe	12,902	11,911	-6,280	5,631
- Coast Guard Yard	1,899	1,652	107	1,759
- Strike Teams	3,020	2,320	366	2,686
- National Pollution Funds Center	2,002	1,358	4	1,362
- Command Display and Control Support Facility (COMDAC)	2,068	2,046	19	2,065
- Air Station Washington	756	906	0	906
- Operations Systems Center (OCS)	5,394	5,358	87	5,445
- Telecommunications and Information Systems Command (TISCOM)	3,103	3,149	51	3,200
- Omega Navigation System Center (OMSEN)	4,063	3,873	101	3,974
- Intelligence Coordination Center (ICC)	279	275	4	279
- Electronics Engineering Center (EECEN)	2,195	2,070	33	2,103
- Institute	895	810	13	823
- Research and Development Center	468	324	5	329
Total Headquarters Units	54,819	51,389	-5,242	46,147
- Headquarters and Service-wide Centralized Bill Paying:				
- Headquarters	96,810	109,320	-1,277	108,043
- Centralized Bill Paying:				
- Postal	7,800	7,630	123	7,753
- Federal Telephone Service 2000 (FTS 2000)	10,000	9,900	160	10,060
- Federal Employment Compensation (FEC)	5,026	5,497	746	6,243
- Unemployment Compensation (UCX)	4,870	5,056	163	5,219
Total Headquarters	124,506	137,403	-85	137,318
Subtotal PPA V.	179,325	188,792	-5,327	183,465
TOTAL PPAs	2,558,000	2,591,770	38,735	2,630,505

PPA I - PERSONNEL COMPENSATION, BENEFITS AND RELATED COSTS:

MILITARY: Provides funding for expenses related to compensation for the Operating Expenses active duty military personnel workforce. This category includes pays, allowances, employer's share of FICA, Social Security credits, leased housing, and other expenses associated with compensating military personnel.

CIVILIAN: Provides funding for compensating Operating Expenses Federal employees comprised of General Schedule (GS), Performance Management and Recognition System (GM), Administrative Law Judges (ALJ), Senior Executive Service (SES) personnel, and personnel whose salaries are administratively determined (e.g., Coast Guard Academy Faculty Members). This category also includes "nonceiling employees" (e.g., cooperative education students, student aides, summer aides, federal junior fellows).*

MEDICAL CARE AND EQUIPMENT: Provides funding for authorized health care entitlements for active duty military members and their dependents. This category also includes funding for medical, dental, and laboratory supplies, services and equipment to support Coast Guard-provided health services; government share of CHAMPUS and DELTA Dental payments; and reimbursement to other military services, and public and private providers of health support, for active duty military members and their dependents.

PERMANENT CHANGE OF STATION-RELATED TRAVEL & TRANSPORTATION: Provides funding for all travel and transportation of household goods, and other authorized entitlements incident to Permanent Change of Station (PCS) and relocation orders for military and civilian personnel, and their dependents. This category includes such PCS-related items as personnel travel costs and allowances; and transportation and storage of household goods, and other authorized items.

* Note: Funding for the following Federal employees is not included in this category: all Wage Grade (WG) personnel, and all Federal employees at the U.S. Coast Guard Aircraft Repair and Supply Center (AR&SC). Funding for WG personnel is provided in PPA III, Operations and Support; and funding for all Federal employees at the AR&SC is provided in the Aircraft Maintenance category under PPA II, Depot-Level Maintenance. These personnel are employed in industrial operations, with fluctuation in employment (levels) subject to workload and the availability of alternative services in the private sector. Accounting for their compensation in PPAs II and III, consistent with current accounting practice, conveys more accurately the nature of these activities.

PPA II - DEPOT-LEVEL MAINTENANCE, SUPPORT AND REPAIR:

AERONAUTICAL MAINTENANCE: Provides Service-wide funding not appropriated in the Coast Guard Acquisition, Construction, and Improvements appropriation, to support the maintenance and repair of Coast Guard aircraft. This category includes materials, services and supplies necessary for depot-level repair, maintenance, modification and overhaul of aircraft and aircraft equipment, including avionics; transportation of aircraft and aeronautical materials and equipment; and procurement of aircraft ground handling and support equipment. It also provides funding for all operating, maintenance and administrative expenses associated with the Coast Guard's Aircraft Repair and Supply Center. This includes salaries for all Federal employees; supplies, materials, and services for maintenance and repairs of buildings, grounds, and barracks; supplies and equipment for housekeeping, safety, and administration; and other materials and supplies consumed in the course of everyday business.

ELECTRONICS MAINTENANCE: Provides Service-wide funding not appropriated in the Coast Guard Acquisition, Construction, and Improvements appropriation, for procurement; installation; modification; maintenance; repair, replacement; and system support of standard electronic navigation, command and control, and communications systems on boats and cutters, and at shore facilities.

CIVIL ENGINEERING AND SHORE FACILITY MAINTENANCE: Provides Service-wide funding not appropriated in the Coast Guard Acquisition, Construction, and Improvements appropriation, for major nonrecurring maintenance, rebuilding, improvement, and other services provided by the Coast Guard Civil Engineering program. This category includes buildings, grounds, roads, fixed Aids to Navigation structures (ashore and offshore); Large Navigational Buoys; major non-consumable equipment and vehicles used to support the shore plant (e.g., generators, compressors, concrete mixers, truck cranes); installation and maintenance of Long Range Aids to Navigation system radio beacons, antennas, and associated ground systems; non-consumable Marine Environmental Response equipment; etc.

VESSEL MAINTENANCE: Provides Service-wide funding not appropriated in the Coast Guard Acquisition, Construction, and Improvements appropriation, for the repair, minor alteration, modification, major nonrecurring maintenance, and engineering design services for vessels, floating dry docks, boat trailers, barges, houseboats, standard boats, and other expenses in support of the Coast Guard Naval Engineering program. This category includes procurement of major equipment used for operation, maintenance, repair, and alteration of vessels, barges, houseboats, and floating drydocks, and includes propulsion, ordnance; and operational equipment.

PPA III - OPERATIONS AND SUPPORT:

AMMUNITION AND SMALL ARMS: Provides Service-wide funding for procurement of ammunition; pyrotechnics; small arms; small arms spare parts, supplies and accessories; support of Coast Guard armories; transportation, inventory and tracking of ammunition and small arms; support of the Coast Guard Competitive Shooting Team; and range and target services and materials. This category also includes services, supplies and materials for the overhaul, repair, and maintenance of small arms, small arms accessories, and related equipment.

AREA OPERATIONS AND SUPPORT: This category provides funding to units, facilities and activities that are under the direct operational and administrative control of Coast Guard Atlantic Area and Pacific Area Commanders.

Funding is provided to Area Offices for the command and control functions performed by the Atlantic and Pacific Area Commanders. This subcategory includes funding for centrally managed, programs, operations and activities to support the coordinated operations of Area units and Districts under the Area's command.

Funding is provided to Maintenance and Logistics Commands for oversight and administration of all field support programs in the Atlantic and Pacific Areas. This subcategory includes contracting; financial management; civil, naval and electronics engineering technical support for all Coast Guard units; travel; property leases; operating and maintenance costs for Support Centers which maintain bases and piers, and provide the infrastructure necessary to accomplish the maintenance and repair of vessels, buoys, electronic equipment, etc.; safety and industrial health programs; personnel management; Equal Employment Opportunity; office supplies/equipment; legal; utilities services for Area cutters; security contracts; hazardous materials handling and disposal costs; housing maintenance; Federal wage grade employee salaries; etc.

Funding is provided to Cutters, Communication Stations and Command, Control, Communications & Intelligence (C3I) Centers for supplies, materials, and services for maintenance and repairs performed at the unit level for the cutters' hulls, mechanical systems, electrical equipment, and small boats; supplies and materials utilized for unit "housekeeping" and administration; procurement of spare parts; fuel and energy; personnel support; and other materials consumed in the course of operations and everyday business.

PPA III - OPERATIONS AND SUPPORT (Cont):

DISTRICT OPERATIONS AND SUPPORT: This category provides funding for units, facilities and activities that are under the direct operational and administrative control of Coast Guard District Commanders.

Funding is provided to District Offices for the command and control functions performed by Coast Guard District Commanders. This subcategory includes centrally managed and funded operations and support activities for all district operations such as Search and Rescue, Enforcement of Laws and Treaties, Aids to Navigation, Military Readiness, and Marine Safety. It also includes centrally managed expenses which support the District's operational units, such as fuel and energy; Search and Rescue, Aids to Navigation and Law Enforcement equipment, supplies and materials; non-recurring cutter and boat maintenance not covered at the depot-level; travel; printing; public affairs; personnel administration; legal assistance; Coast Guard Auxiliary support; district-wide housing maintenance; Federal wage grade employee salaries; etc. These centrally managed funds assist the Districts to realize economies of scale, standardization of equipment, and efficiencies in managing the Districts' operational units.

Funding is provided to Groups/Bases, Air Stations, Marine Safety Offices, Long Range Electronic Navigation Aids Stations, Cutters, and Vessel Traffic Services, for operations and administration. This includes unit level maintenance and repairs of cutters, aircraft, boats, buildings, piers, grounds, hangars and runways, vehicles, housing and barracks, communications equipment; Federal wage grade employee salaries; supplies and equipment for housekeeping, safety, administration, boats, cutters, aircraft, Aids to Navigation, Search and Rescue, Marine Environmental Protection, etc.; fuel, energy and utilities; spare parts; travel; contracts for security, food service, etc.; personnel support; hazardous materials handling costs; command and control functions; and other materials and supplies consumed in the course of operations and everyday business.

PPA IV - RECRUITING AND TRAINING SUPPORT:

RECRUITING: Provides funding for expenses related to Officer, Enlisted, and equal opportunity recruiting efforts by the three Regional Recruiting Commands. This category includes advertising, printing, filming, marketing, equal opportunity direct mailing, and administrative support for local recruiting offices and the Regional Recruiting Commands.

TRAINING CENTERS: Provides funding for operation and maintenance of Coast Guard training centers in Petaluma, CA, Yorktown, VA, Mobile, AL, Cape May, NJ, and Elizabeth City, NC. Includes unit level maintenance and repairs of buildings, piers, grounds, and housing; food service contracts; boat supplies; vehicles; specialized electronics equipment; and training equipment and supplies used during courses of instruction (e.g., navigational supplies, Aids to Navigation supplies, Search and Rescue equipment), housekeeping supplies and equipment; energy, fuel and utilities; spare parts; and other materials and supplies consumed in the course of operations and everyday business.

COAST GUARD ACADEMY: Provides funding for the operation and maintenance of the Coast Guard Academy in New London, CT. This category includes all phases of cadet training; operation and maintenance of resources at the facility used for training; operation, unit maintenance and support costs of the USCGC EAGLE; utilities for tenant cutters; personnel support; food service and security contracts; housing maintenance; and Federal wage grade employee salaries. It also includes local maintenance and repairs of buildings, piers, grounds and housing; boat supplies; vehicles; supplies and equipment for housekeeping, safety, and administration; energy, fuel and utilities; spare parts; and other materials consumed in the course of operations and everyday business.

PROFESSIONAL TRAINING: Provides Service-wide funds for costs associated with professional training for military and civilian employees (e.g., basic and advanced flight school training, dive school training, postgraduate training for military and civilian personnel, off duty tuition assistance, Coast Guard personnel training at Department of Defense senior service schools, Office of Personnel Management training courses for military and civilian personnel, basic and advanced rating specialty courses for enlisted personnel). This category includes tuition; fees; books; training aids, services, and supplies; and travel and per diem costs incurred by military and civilian personnel under temporary duty assignments to training.

PPA V - COAST GUARD-WIDE CENTRALIZED SERVICES AND SUPPORT:

HEADQUARTERS UNITS: Provides funds to Headquarters units. Funding is provided to Headquarters units which perform Coast Guard-wide specialized support and services (e.g., Supply Centers, Finance Center, Military Pay and Personnel Support Center, Coast Guard Institute, Coast Guard Yard, National Pollution Funds Center, Command Display and Control Support Facility (COMDAC), Operations Systems Center (OSC), Telecommunications and Information Systems Command (TISCOM), Omega Navigation Systems Center (ONSCEN), Intelligence Coordination Center (ICC), Electronics Engineering Center (EECEN), and Research and Development Center); specialized operational missions (Coast Guard Strike Teams, Air Station Washington, DC); and command and control of Coast Guard operational units in Europe (Activities Europe). This category includes applicable supplies, materials, fuel and energy, and services for operations; maintenance and repairs performed at the unit level for grounds, buildings and equipment; supplies and materials utilized for unit "housekeeping" and administration; procurement of spare parts; security contracts; personnel support; and other materials consumed in the course of operations and everyday business.

HEADQUARTERS: Provides funding for Service-wide command and control, oversight of all Coast Guard missions and support activities, policy development, information dissemination, central management, and intra-Department of Transportation and intra-Federal government coordination. This category includes various functions performed at Headquarters such as: realizing economies of scale and efficiencies through centralized bill paying and contract management (e.g., Coast Guard-wide telecommunications service via FTS and other sources, Aids to Navigation buoy hull procurements, postal service, centrally procured naval engineering parts, lubrication oil analysis program, claims against the government); standardization and maintenance of equipment to ensure Coast Guard/Department of Defense inter-operability (e.g., U.S. Navy owned and supported electronics equipment maintenance, Defense Data Network line usage charges); centralized program management (e.g., Marine Safety technical support, vessel response plan, recreational vessel/boating safety administration, alien migrant interdiction mission support, Federal Employees Workmen's Compensation, unemployment compensation, urinalysis testing); programmatic studies, projects, and training (e.g., test and evaluation of pollution prevention equipment, aircraft performance evaluations, pollution response exercise program, Congressionally mandated projects and studies, boat compliance testing); printing services for manuals, publications, and documents that are distributed service-wide to promulgate standardized policies and procedures; centralized information resource systems management (e.g., Department of Defense mainframe computer usage, Personnel Management Information System, personnel identification system, Marine Safety Information System);

PPA V - COAST GUARD-WIDE CENTRALIZED SERVICES AND SUPPORT (Cont):

operational command and control functions (e.g., National Response Center and the Coast Guard Headquarters Command Center operations); personnel management (e.g., EEO program, military personnel promotion, suitability, and assignment boards); contracts for building security and maintenance; maintaining governmental records; and other materials and supplies consumed in the course of everyday business.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES

Program and Financing (in thousands of dollars)

Identification code: *69-0201-0-1-999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Program by activities:			
	Direct Program:			
00.01	Search and rescue	361,948	368,157	373,838
00.02	Aids to navigation	438,681	436,002	439,821
00.03	Marine safety	274,356	278,859	284,687
00.04	Marine environmental protection	219,099	227,322	231,773
00.05	Enforcement of laws and treaties	955,301	957,625	961,247
00.06	Ice operations	80,835	80,724	82,470
00.07	Defense readiness	82,765	78,331	79,675
00.08	Headquarters administration	169,510	173,419	176,994
00.91	Total direct program	2,582,495	2,600,439	2,630,505
01.01	Reimbursable program	68,941	80,521	79,378
10.00	Total obligations	2,651,436	2,680,960	2,709,883
	Financing:			
21.40	Unobligated balance available, start of year	-35,150	-13,669	-5,000
24.40	Unobligated balance available, end of year	13,669	5,000	5,000
25.00	Unobligated balance expiring	51	....	....
39.00	Budget authority (gross)	2,630,006	2,672,291	2,709,883

Note: Numbers may not add due to rounding.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES

Program and Financing (in thousands of dollars) p.2

Identification code: *69-0201-0-1-999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Budget Authority:			
	Current:			
40.00	Appropriation	2,250,750	2,512,750	2,605,505
42.00	Transferred from other accounts	253,065	21,770	....
43.00	Appropriation (adjusted)	2,503,815	2,534,520	2,605,505
	Permanent:			
68.00	Spending authority from offsetting collections (new)	126,191	137,771	104,378
	Relation of obligations to outlays:			
71.00	Total obligations	2,651,436	2,680,960	2,709,883
72.40	Obligated balance, start of year	568,705	571,180	508,653
74.40	Obligated balance, end of year	–571,180	–508,653	–728,876
77.00	Adjustments in expired accounts	–9,155	....	....
87.00	Outlays (gross)	2,639,806	2,743,487	2,489,660
	Adjustments to budget authority and outlays:			
	Deductions for offsetting collections:			
88.00	Federal funds (DoD and other)	–56,741	–74,884	–75,366
88.00	Federal funds (OCDETF)	–701	–862	0
88.30	Trust funds (Boat safety and administration)	–32,895	–32,895	0
88.30	Trust funds (Oil spill liability trust fund)	–25,000	–25,000	–25,000
88.40	Non-Federal sources	–10,854	–4,130	–4,012
88.90	Total, offsetting collections	–126,191	–137,771	–104,378
89.00	Budget authority (net)	2,503,815	2,534,520	2,605,505
90.00	Outlays (net)	2,513,615	2,605,716	2,385,282

Summary of Budget Authority and Outlays

(in thousands of dollars)

Identification code: *69-0201-0-1-999*	*1993 actual*	*1994 estimate*	*1995 estimate*
Enacted/requested:			
Budget Authority	2,503,815	2,534,520	2,605,505
Budget Outlay	2,513,615	2,605,716	2,385,282
Rescission Proposal:			
Budget Authority	....	-5,000	....
Budget Outlay	....	....	....
Total:			
Budget Authority	2,503,815	2,529,520	2,605,505
Budget Outlay	2,513,615	2,605,716	2,385,282

COAST GUARD -- Operating Expenses

PROGRAM AND PERFORMANCE

To carry out its unique duties as a peacetime operating agency and one of the military services, the Coast Guard employs multipurpose vessels, aircraft, and shore units, strategically located along the coasts and inland waterways of the United States and in selected areas overseas. The 1995 Operating Expenses budget request represents essentially a current services level of program activity with few program expansions. This request reflects an emphasis on protection of the marine environment, safety for the maritime public, and maintenance of a quality Coast Guard workforce.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES
Object Classification (in thousands of dollars)

Identification code: *69-0201-0-1-999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	170,685	168,359	169,384
11.3	Other than full-time permanent	8,364	8,256	8,305
11.5	Other personnel compensation	6,341	6,256	6,294
11.7	Military personnel	1,035,759	1,052,010	1,051,621
11.8	Special personal services payments	2,360	2,327	2,340
11.9	Total personnel compensation	1,223,509	1,237,208	1,237,944
12.1	Civilian personnel benefits	39,322	39,221	40,207
12.2	Military personnel benefits	100,774	102,342	102,305
13.0	Benefits for former personnel	4,054	6,620	18,395
21.0	Travel and transportation of persons	89,839	90,062	95,468
22.0	Transportation of things	50,361	50,420	53,913
23.2	Rental payments to others	42,437	42,371	44,454
23.3	Communications, utilities, and miscellaneous charges	110,968	111,540	116,983
24.0	Printing and reproduction	6,135	6,268	6,597
25.1	Consulting Services	83	1,570	1,570
25.2	Other services	429,172	428,138	451,070
26.0	Supplies and materials	382,820	381,756	389,294
31.0	Equipment	42,323	42,223	43,806
32.0	Lands and structures	1,896	1,898	1,930
42.0	Insurance claims and indemnities	1,538	1,538	1,553
43.0	Interest and dividends	12	12	14
91.0	Unvouchered	2	2	2
99.0	Subtotal, direct obligations	2,525,245	2,543,189	2,605,505
99.0	Reimbursable obligations	126,191	137,771	104,378
99.9	Total obligations	2,651,436	2,680,960	2,709,883

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES
Personnel Summary

Identification code: *69-0201-0-1-999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Direct:			
Military: Total compensable workyears:			
Full-time equivalent employment	38,242	37,856	37,325
Civilian: Total compensable workyears:			
Full-time equivalent employment	5,136	5,071	4,994
Full-time equivalent of overtime and holiday hours	104	120	120
Reimbursable:			
Military: Total compensable workyears:			
Full-time equivalent employment	119	116	107
Civilian: Total compensable workyears:			
Full-time equivalent employment	19	20	23

COAST GUARD
OPERATING EXPENSES
(Rescission Proposal)

Program and Financing (in thousands of dollars)

Identification code: *69–0201–5–1–999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Financing:			
21.40 Unobligated balance available, start of year:			
Treasury balance	....	....	5,000
24.40 Unobligated balance available, end of year:			
Treasury balance	....	–5,000	–5,000
40.36 Budget authority (appropriation recission proposal) (unobligated balances) (R94–57)	....	–5,000	....
Relation of obligations to outlays:			
71.00 Total obligations	....	....	....
90.00 Outlays	....	....	....

This proposal would rescind unobligated balances for the incremental costs arising from the consequences of Hurricane Andrew and Hurricane Iniki remaining from emergency supplemental funding provided in 1992. Balances remaining after this rescission would be adequate to carry out the purposes for which they were provided.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
OPERATING EXPENSES
Budget Authority (dollars in thousands)

Program by activities:	1993 Actual Full-time perm.pos.	1993 Actual Appro-priation	1994 Estimate Full-time perm.pos.	1994 Estimate Appro-priation	1995 Estimate Full-time perm.pos.	1995 Estimate Appro-priation
1. Search and rescue....................	6,518	384,160	6,466	393,150	6,326	400,806
2. Aids to navigation....................	7,900	465,602	7,659	465,600	7,442	471,549
3. Marine safety........................	4,941	291,193	4,897	297,789	4,814	305,224
4. Marine environmental protection..	3,946	232,545	3,993	242,756	3,921	248,494
5. Enforcement of laws and treaties..	17,204	1,013,924	16,814	1,022,622	16,263	1,030,590
6. Ice Operations........................	1,455	85,796	1,419	86,204	1,395	88,420
7. Defense readiness....................	1,491	87,845	1,376	83,649	1,348	85,422
8. Headquarters administration.......	[1,660]	[169,510]	[1,530]	[173,419]	[1,500]	[176,994]
Total appropriation or estimate...	43,455	2,561,065	42,624	2,591,770	41,509	2,630,505
(Military)......................	38,286		37,592		36,589	
(Civilian)......................	5,169		5,032		4,920	

NOTE: numbers below reflect dollars in thousands:
Includes $253,000 in 1993 and 21,700 in 1994 from the Department of Defense. Also includes $65.1K in 1993 and 70.3K in 1994 from the Office of National Drug Control Policy (ONDCP) pursuant to P.L. 100-690 and P.L. 102-393. In addition, includes $32,250 in 1993, and in 1994 from the Boat Safety account and $25,000 in 1993, 1994 and 1995 from the Oil Spill Liability Trust Fund (Trust fund share of expenses).

DEPARTMENT OF TRANSPORTATION
COAST GUARD
FY 1995
OPERATING EXPENSES–JUSTIFICATION

			POSITIONS		FTE		PERS	O&M	($000) CG
CAT	TITLES	QTR	MIL	CIV	MIL	CIV	FUNDS	FUNDS	REQUEST
I.	PROGRAM REDUCTIONS								
	A. TERMINATION OF ONE-TIME COSTS	4	0	0	0	0	-706	-1,356	-2,062
	B. CUTTER BASE REDUCTIONS:								
	1. 210-FOOT CUTTER MAJOR MAINTENANCE AVAILABILITY (MMA) OPERATIONS AND MAINTENANCE BASE REDUCTION	4	0	0	0	0	0	-1,415	-1,415
	C. ANNUALIZATION OF FY 1994 MANAGEMENT SAVINGS	4	0	0	-277	0	-11,648	-2,032	-13,680
	D. STREAMLINE REGULATORY FUNCTIONS:								
	1. TERMINATE SELECTED INSPECTION FUNCTIONS	1	-43	-7	-11	-7	-1,073	-106	-1,179
	2. STREAMLINE REGULATORY STAFF	3	-7	-6	-3	-6	-559	-230	-789
	3. TERMINATE SPECIAL INTEREST VESSEL PROGRAM	1	-14	0	-4	0	-142	0	-142
	4. STREAMLINE VESSEL DOCUMENTATION FUNCTION	1	0	-22	0	-6	-242	50	-192
	E. REDUCTION OF DIRECT SERVICES:								
	1. TERMINATE HIGH FREQUENCY-MORSE CODE (HF-CW) COMMUNICATION SERVICE	1	-32	0	-8	0	-256	200	-56
	2. CLOSURE OF ACTIVITIES EUROPE (ACTEUR) OFFICE AND OVERSEAS LORAN SITES	1	-108	-4	-44	-1	-1,939	-6,960	-8,899
	F. ADMINISTRATIVE REDUCTIONS:								
	1. STREAMLINE ADMINISTRATIVE AND GENERAL SUPPORT	1	-533	-51	-220	-47	-8,353	386	-7,967
	2. REDUCE COSTS FOR THE SUBSTANCE ABUSE TESTING PROGRAM	4	0	0	0	0	0	-818	-818
	G. REDUCTION OF OPERATIONS:								
	1. REDUCE CUTTER FLEET	1	-136	0	-42	0	-1,513	84	-1,429
	2. AVIATION RESTRUCTURING AND EFFICIENCIES	1	-35	0	-9	0	-325	97	-228
	3. CONSOLIDATE MARINE SAFETY OFFICES GALVESTON AND HOUSTON, TEXAS	4	-10	-1	-10	-1	-500	20	-480
	4. CLOSE MULTI-MISSION SMALL BOAT UNITS	1	-115	0	-29	0	-926	235	-691

CONTINUED ON NEXT PAGE

OPERATING EXPENSES-JUSTIFICATION

			POSITIONS		FTE				($000)
CAT	TITLES	QTR	MIL	CIV	MIL	CIV	PERS FUNDS	O&M FUNDS	CO REQUEST
I.	PROGRAM REDUCTIONS (CONT)								
	G. REDUCTION OF OPERATIONS (CONT):								
	5. STREAMLINE LAW ENFORCEMENT ACTIVITIES	1	-48	0	-11	0	-280	-451	-731
	6. REDUCE MARITIME DEFENSE ZONE (MDZ) READINESS PLANNING STAFF	1	-22	0	-6	0	-375	0	-375
	H. REDUCTION OF ENGINEERING SUPPORT								
	1. STREAMLINE ENGINEERING STAFF	2	-22	-21	-7	-21	-1,445	0	-1,445
	SUBTOTAL, CATEGORY 1		-1,125	-112	-681	-89	-30,282	-12.296	-42,578
II.	BUILT-IN CHANGES								
	A. PERSONNEL ENTITLEMENTS:								
	1. FY 1995 PAY RAISE (1.6%)	3	0	0	0	0	16,262	0	16,262
	2. FEDERAL EMPLOYEE COMPENSATION FUND INCREASE	4	0	0	0	0	909	0	909
	B. COST OF LIVING ALLOWANCES:								
	1. NON-PAY COST OF LIVING ADJUSTMENT (1.7%)	4	0	0	0	0	0	19,913	19,913
	2. EXTRAORDINARY HEALTH CARE COST INCREASE	4	0	0	0	0	0	7,000	7,000
	C. ANNUALIZATIONS:								
	1. ANNUALIZATION OF FY 1994 PART YEAR FUNDING	4	0	0	121	12	6,835	1,114	7,949
	2. ANNUALIZATION OF FY 1994 PAY RAISE	1	0	0	0	0	2,430	0	2,430
	3. ANNUALIZATION OF FY 1994 CIVILIAN LOCALITY PAY	1	0	0	0	0	1,731	0	1,731
	D. RESTORATION OF BASE REDUCTIONS:								
	1. RESTORE FY 1994 210-FOOT CUTTER MAJOR MAINTENANCE AVAILABILITY (MMA) BASE REDUCTIONS	4	0	0	0	0	0	1,373	1,373
	2. RESTORE HC-130 OPERATIONS AND MAINTENANCE FUNDS ONE-TIME BASE REDUCTION TAKEN IN FY 1994	4	0	0	0	0	0	1,197	1,197
	E. AIRCRAFT TECHNICAL DOCUMENTATION AND TRAINING SUPPORT HC-130 AND HH-60J	2	0	0	0	0	0	1,200	1,200
	F. WORKFORCE DOWNSIZING MANAGEMENT INITIATIVES	4	0	0	0	0	9,777	0	9,777
	SUBTOTAL, CATEGORY 2		0	0	121	12	37,944	31,797	69,741

OPERATING EXPENSES-JUSTIFICATION

CAT	TITLES	QTR	POSITIONS MIL	POSITIONS CIV	FTE MIL	FTE CIV	PERS FUNDS	O&M FUNDS	($000) CG REQUEST
III.	OPERATE NEW FACILITIES								
	A. SHORE FACILITY CONSTRUCTION FOLLOW-ON	2	25	0	12	0	521	1,524	2,045
	B. VESSEL FOLLOW ON:								
	1. SEAGOING BUOY TENDER (WLB) LEAD SHIP CREW AND OPERATIONS AND MAINTENANCE COSTS	2	46	0	23	0	1,113	399	1,512
	2. COASTAL BUOY TENDER (WLM) LEAD SHIP CREW AND OPERATIONS AND MAINTENANCE (O&M) COSTS	1	27	0	7	0	356	246	602
	3. 47-FOOT MOTOR LIFE BOAT (MLB) FOLLOW-ON	2	6	0	3	0	144	0	144
	C. NAVIGATION SYSTEMS FOLLOW-ON:								
	1. VESSEL TRAFFIC SERVICE (VTS) SYSTEM FOLLOW-ON	2	16	0	8	0	654	1,862	2,516
	2. DIFFERENTIAL GLOBAL POSITIONING SYSTEM (DGPS) FOLLOW-ON	2	18	0	9	0	430	1,015	1,445
	D. CONSOLIDATED INFORMATION RESOURCES MANAGEMENT (IRM) FOLLOW-ON	4	0	0	0	0	0	1,150	1,150
	SUBTOTAL, CATEGORY 3		138	0	62	0	3,218	6,196	9,414
IV.	IMPROVE MISSION EFFECTIVENESS								
	A. HAZARDOUS MATERIALS MANAGEMENT, DISPOSAL AND TRAINING	2	17	0	8	0	704	1,725	2,429
	B. FAR EAST ACTIVITIES (FEACT) INITIATIVE SINGAPORE/JAPAN	2	-6	0	-3	0	-177	201	24
	C. MEDIUM ENDURANCE CUTTER EFFICIENCIES	2	-35	0	-46	0	-1,446	404	-1,042
	D. TEMPORARY LEASE FACILITIES FOR BASE ST. LOUIS, MISSOURI AND GROUP UPPER MISSISSIPPI RIVER, KEOKUK, IOWA	4	0	0	0	0	0	375	375
	E. 140-FOOT ICEBREAKER TUGBOAT (WTGB) MAINTENANCE AUGMENTATION TEAM	4	8	0	8	0	322	50	372
	SUBTOTAL, CATEGORY 4		-16	0	-33	0	-597	2,755	2,158
	SUBTOTAL, CATEGORIES 2-4		122	0	150	12	40,565	40,748	81,313
	GRAND TOTAL, CATEGORIES 1-4		-1,003	-112	-531	-77	10,283	28,452	38,735

FY 1995

DETAILED EXPLANATION OF CHANGES

I. **PROGRAM REDUCTIONS** .... -$42,578,000

Personnel:	POS	FTE
Military	-1,125	-681
Civilian	-112	-89

A. TERMINATION OF ONE-TIME COSTS................. -$2,062,000

Termination of one-time start-up costs for programs funded in FY 1994 will result in the following program reductions in FY 1995:

	Amount $	
Item	Standard Personnel Costs	One Time O&M Costs
Drug Interdiction Activities.........	0	-577,000
Coast Guard Interface with DOD's Automated HHG System TOPS...........	-16,000	-400,000
Mass Transit Benefit Program.........	-4,000	0
Pollution Response Equipment - Follow-on..........................	-3,000	0
Vessel Traffic System - Follow-on....	-32,000	-298,000
Differential Global Positioning System - Follow-on..................	-110,000	0
Work-Life Initiatives................	-42,000	-81,000
Passenger Vessel Safety Program......	-56,000	0
Spill Response Exercise Support Standardization.....................	-143,000	0
National Pollution Response Center...	-19,000	0
Living Marine Resources Staff........	-281,000	0
Subtotal..............	-706,000	-1,356,000
Total..............	-$2,062,000	

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I. PROGRAM REDUCTIONS (Cont)

A. TERMINATION OF ONE-TIME COSTS (Cont)

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	0	0	0
FY 1994 Base	0	0	0	0	0	0	0
FY 1995 Request	0	0	0	0	-$706	-$1,356	-$2,062

B. CUTTER BASE REDUCTIONS:

1. 210 Foot Cutter Major Maintenance Availability (MMA) Operations And Maintenance Base Reduction.......... -$1,415,000

Five 210-foot Medium Endurance Cutters (WMECs) will undergo Major Maintenance Availability (MMA) during FY 1995. This will eliminate the need for twelve quarters of operations and annual maintenance funds for these cutters. The cost of operations is $121,266 per operating quarter.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1995 Request 1/	0	0	0	0	$0	-$1,415	-$1,415

1/ $40,000 retained in the base for commissioning and decommissioning requirements.

I. PROGRAM REDUCTIONS (Cont)

C. ANNUALIZATION OF FY 1994 MANAGEMENT SAVINGS........................ -$13,680,000

The annualization of part-year reductions initiated in FY 1994 will result in savings of $13,680,000 and a reduction of 277 military full-time equivalent work years in FY 1995. These management savings include the following items:

	Amount $	
Item	Standard Personnel Costs	O&M Costs
Closure of Far East Section (FESEC) Loran Sites......................	-$458,000	$0
Coast Guard Far East Section (FESEC) Closure...........................	-281,000	0
Decommission USCGC MACKINAW.........	-933,000	-351,000
Vessel Identification and Documentation System (VIDS) Base Reduction...................	-8,000	0
Reduce Anti-Submarine Warfare (ASW) Mission Capabilities..............	-216,000	0
Communications System Management Efficiency.......................	-37,000	0
Terminate AEW EC-130V Detection and Monitoring Operations.............	-22,000	0
Accelerate Transition from HH-3F to HH-60J Helicopters...............	-314,000	0
Civil Service Personnel Reduction.	-93,000	0
Drug Interdiction Activities......	-9,286,000	-1,681,000
Subtotal......................	-$11,648,000	-$2,032,000
Total......................	-$13,680,000	

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operations & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Request	0	0	0	0	$0	$0	$0
FY 1994 Request	0	0	0	0	$0	$0	$0
FY 1995 Request	0	0	-277	0	-$11,648	-$2,032	-$13,680

I. PROGRAM REDUCTIONS (Cont)

D. STREAMLINE REGULATORY FUNCTIONS:

1. Terminate Selected Inspection Functions............................ -$1,179,000

This initiative eliminates selected inspection functions now performed by the Coast Guard that can be performed by private industry or an independent third party and are no longer cost effective for the Coast Guard to perform. This initiative: (1) eliminates the inspection of unmanned barges, which is consistent with the National Transportation Policy of removing unnecessary federal requirements that prevent U.S. Flag vessels from competing effectively in the world market; (2) shifts responsibility for monitoring liferaft production and testing to independent third parties; (3) stops inspections performed on certain DoD and other government agency vessels; and (4) terminates the recreational boat factory inspection program, where the Coast Guard provides oversight and quality standards review, but is not required by law to perform specific inspections.

These actions have the potential to enhance the competitive position of the maritime industry by eliminating non-safety related inspections, which impose financial burdens on U.S. registered vessels and industries. In addition, this action provides opportunities for private organizations to perform, for hire, functions previously accomplished by the Coast Guard.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	43	7	43	7	$2,907	$175	$3,082
FY 1994 Base	43	7	43	7	$2,920	$177	$3,097
FY 1995 Request 1/	-43	-7	-11	-7	-$1,073	-$106	-$1,179

1/ The fully annualized recurring savings of this initiative are -$3,423K.

I. PROGRAM REDUCTIONS (Cont)

D. STREAMLINE REGULATORY FUNCTIONS:

2. Streamline Regulatory Staff.............. -$789,000

This initiative consolidates regulatory functions and reduces regulatory staff within specific programs. Efficiencies will be gained at or within: (1) the National Pollution Funds Center by releveling the workload of the Policy and Coordination Divisions and reducing information resource management support; (2) the Marine Safety Center by relying more on existing third party technical support of field units that inspect cargo systems and review vessel stability plans; (3) Merchant Mariner record keeping by adjusting the existing contract and shifting the responsibility to industry for maintaining their own records; and (4) Coast Guard Headquarters by eliminating the dedicated billet that manages the "Port Security Card" Program. By achieving these reductions through efficiencies and the transfer of work/functions to third parties, the Coast Guard will maintain the infrastructure needed to deliver essential core services to industry and the public.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	121	0	121	0	$5,604	$14,225	$19,829
FY 1994 Base	103	0	103	0	$4,905	$14,155	$19,060
FY 1995 Request 1/	-7	-6	-3	-6	-$559	-$230	-$789

1/ The fully annualized recurring savings of this initiative are -$1,741.

3. Terminate Special Interest Vessel Program -$142,000

This request eliminates the Special Interest Vessel (SIV) program from the Coast Guard's Port Security mission. This program developed from a National Security Council initiative to monitor and inspect vessels of certain communist bloc countries trading at U.S. ports. Changing world events have eliminated the need for this dedicated inspection effort.

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I. **PROGRAM REDUCTIONS** (Cont)

D. STREAMLINE REGULATORY FUNCTIONS:

3. Terminate Special Interest Vessel Program (Cont)

The reduction eliminates two billets assigned to the Port Safety and Security Division within the Headquarters Office of Marine Safety, Security and Environmental Protection, and ten billets assigned to various Marine Safety field offices.

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	14	0	14	0	$568	$0	$568
FY 1994 Base	14	0	14	0	$571	$0	$571
FY 1995 Request 1/	-14	0	-4	0	-$142	$0	-$142

1/ Military FTP reduction includes two general detail support billets.

The fully annualized recurring savings of this initiative are $588K.

4. Streamline Vessel Documentation Function.. -$192,000

This initiative consolidates 14 Regional Documentation Offices in one location. A centralized vessel documentation processing facility will produce significant functional and administrative efficiencies. Currently, with 14 Regional Documentation offices, members of industry, law enforcement, and other users must often make several inquiries to more than one office to gather information on a vessel. Additionally, service delays are inherent whenever a vessel's records are required to be forwarded to a new office as a result of the vessel changing its port of documentation. Under the consolidated office concept, only one inquiry will be necessary and customer service delays will be significantly reduced.

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I. PROGRAM REDUCTIONS (Cont)

D. STREAMLINE REGULATORY FUNCTIONS:

4. Streamline Vessel Documentation Function

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	2	132	2	132	$6,079	$150	$6,229
FY 1994 Base	2	132	2	132	$6,095	$150	$6,245
FY 1995 Request 1/	0	-22	0	-6	-$242	$50	-$192

1/ The nonrecurring cost of implementing this initiative in FY 1995 is estimated to be $100K which is offset by the first year O&M savings of $50K.

The fully annualized recurring savings of this initiative are $1,078K.

E. REDUCTION OF DIRECT SERVICES:

1. Terminate High Frequency-Morse Code (HF-CW) Communication Service.................. -$56,000

This request removes the High Frequency Morse Code (HF-CW) support personnel at Coast Guard Communication Stations starting April 1, 1995. Currently, the Coast Guard provides HF-CW monitor and relay services to the maritime public. This Coast Guard service would be replaced by a more cost-effective commercial contract with commercial radio stations to receive and pass HF-CW messages to the Coast Guard. The estimated annual contract cost is $400K, producing net recurring savings of $702K per year.

HF-CW is a ship-to-shore long range radio system that allows information to be passed from and to ships on the high seas. HF-CW is used as a reporting method for the Automated Mutual-Assistance Vessel Rescue (AMVER) system. It is also used by ships on the high seas to pass meteorological observations to the National Weather Service (NWS) and for distress and medical emergency (MEDICO) communications. HF-CW is being replaced by modern, less labor intensive, Simplex Teletype Over Radio (SITOR) and International Maritime Satellite (INMARSAT) Telephone. Ships that elect to maintain HF-CW can continue to communicate with the Coast Guard through commercial radio stations.

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I. PROGRAM REDUCTIONS (Cont)

E. REDUCTION OF DIRECT SERVICES:

1. Terminate High Frequency Morse Code (HF-CW) Communication Service (Cont)

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	32	0	32	0	$1,037	$0	$1,037
FY 1994 Base	32	0	32	0	$1,064	$0	$1,064
FY 1995 Request 1/	-32	0	-8	0	-$256	$200	$-56

1/ This initiative will produce $702k of recurring savings by FY 1997. The annual cost of the commercial contract for commercial radio stations to pass HF-CW messages to the Coast Guard is $400k. The cost of the contract at half year in FY 1995 is $200k.

2. Closure of Activities Europe (ACTEUR) Office and Overseas Loran Sites................ -$8,899,000

As of January 1, 1995, there will no longer be a need for the U.S. Coast Guard to operate overseas Loran stations. The Coast Guard is closing its Far East Section Office and associated overseas LORAN stations in FY 1994. This request will close the LORAN support portion of the Activities Europe Office and associated overseas LORAN stations in Europe. Each station will be turned over to the host nation, according to the desires of each nation, or the station will be closed and the site restored to the extent required by bilateral negotiations. The Coast Guard Activities Europe (ACTEUR) office exists primarily to support the Loran-C operations of 10 Loran stations in the Northwestern Europe and the Mediterranean Sea Chains. ACTEUR also consists of an administrative staff to support the Loran-C and Omega missions, and a Marine Safety Detachment. A total of 13 billets (8 OMEGA, 3 Marine Safety, 1 administrative support and 1 general detail support billet) will be retained to perform the continuing overseas Marine Safety and OMEGA missions.

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I. PROGRAM REDUCTIONS (Cont)

E. REDUCTION OF DIRECT SERVICES:

2. Closure of Activities Europe (ACTEUR) Office and Overseas Loran Sites

In addition, there are 18 military and 4 civilian billets at various units within the Coast Guard support infrastructure which primarily provide logistical support to overseas Loran-C operations; these support billets along with the ACTEUR Loran support staff will remain through 30 June 1995 to complete the turnover/closure of the Loran-C stations and the disestablishment of the ACTEUR command.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	139	4	139	4	$6,628	$14,609	$21,237
FY 1994 Base 1/	121	4	121	4	$5,934	$14,537	$20,471
FY 1995 Request 2/	-108	-4	-44	-1	-$1,939	-$6,960	-$8,899

1/ FY 1994 Base reflects personnel and Operations & Maintenance reductions associated with the turnover of Loran Station Kargaburun, Turkey in September 1993.

2/ FY 1995 request excludes military personnel from Activities Europe needed to accomplish continuing Marine Safety and OMEGA missions. The request also excludes base funding and personnel retained for one year to effect orderly closure/turnover of stations and personnel relocations.

The fully annualized recurring savings of this initiative are $20,054.

F. ADMINISTRATIVE REDUCTIONS:

1. Streamline Administrative and General Support.................. -$7,967,000

The re-engineering and rightsizing initiatives of the federal government have necessitated a thorough evaluation of all administrative and support functions Coast Guard-wide.

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

F. ADMINISTRATIVE REDUCTIONS (Cont):

1. Streamline Administrative and General Support (Cont)

This initiative identifies efficiencies, consolidations, and reductions that will result in substantial savings in personnel and operations/maintenance funds. This streamlining effort includes: consolidations of recruiting commands, international training teams, personnel reporting units, and travel offices. In addition, with the reduction of personnel in the organization, this initiative reduces a proportionate amount of training, administrative, and general support positions throughout the Coast Guard.

Base/Request
($000)

	FTP		FTE				
	Mil	Civ	Mil	Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	6,657	3,559	6,657	3,559	$462,827	$304,883	$767,710
FY 1994 Base	6,651	3,559	6,651	3,559	$464,726	$313,115	$777,841
FY 1995 Request1/	-533	-51	-220	-47	-$8,353	$386	-$7,967

1/ The nonrecurring costs of implementing these initiatives in FY95 is estimated to be $1,257K which are offset by the first year O&M savings of $871K.

The fully annualized savings of these initiatives are $25,471K.

2. Reduce Costs for the Substance Abuse Testing Program.................. -$818,000

This request continues the Coast Guard's efforts to reduce administrative overhead costs by lowering the target for random substance abuse testing of military personnel. Each year, the Coast Guard randomly tests 81% of the military population for substance use. This initiative reduces the annual target to 65%. Results of an Air Force program have demonstrated that program integrity can be maintained at this lower testing level. Additional cost savings are being achieved by switching from a commercial contractor to U.S. Navy resouces for test processing.

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

F. ADMINISTRATIVE REDUCTIONS (Cont):

2. Reduce Costs for the Substance Abuse Testing Program (Cont)

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	1	0	1	0	$72	$1,332	$1,404
FY 1994 Base	1	0	1	0	$72	$1,368	$1,440
FY 1995 Request	0	0	0	0	-$0	-$818	-$818

G. REDUCTION OF OPERATIONS:

1. Reduce Cutter Fleet.................... -$1,429,000

The Coast Guard has reviewed its cutter fleet for potential efficiencies in keeping with the spirit of the National Performance Review and to meet the fiscal constraints of the current budgetary climate. The review focused on cutters approaching or past their intended service lives. As a result, the Coast Guard will decommission one seagoing buoy tender, five 82-foot patrol boats, and three icebreaking harbor tugs. The seagoing buoy tender is one of a class of ships, which is over 50 years old. It is being decommissioned in advance of the replacements for this class, the first of which is scheduled to become operational in 1996. The workloads of the least productive patrol boats and harbor tugs, which will be decommissioned, does not justify their continued operation in a highly constrained budget environment. Remaining resources will be reallocated as necessary to minimize the impact of these decommissionings.

SUMMARY OF PROPOSED CUTTER REDUCTIONS

Cutter Type 1/	Homeport to be vacated
WPB (Coastal Patrol Boat)	Fire Island, New York
WPB (Coastal Patrol Boat)	Fort Lauderdale, Florida

(Continued on next page)

I. **PROGRAM REDUCTIONS** (Cont)

G. REDUCTION OF OPERATIONS (Cont):

1. Reduce Cutter Fleet (Cont)

SUMMARY OF PROPOSED CUTTER REDUCTIONS

Cutter Type 1/	Homeport to be vacated
WPB (Coastal Patrol Boat)	San Diego, California 2/
WPB (Coastal Patrol Boat)	Fort Bragg, California
WPB (Coastal Patrol Boat)	Morro Bay, California 2/
WLB (Sea Going Buoy Tender)	Portsmouth, Virginia 2/
WYTL (Ice Breaking Harbor Tug)	Bristol, Rhode Island 2/
WYTL (Ice Breaking Harbor Tug)	Fort Belvoir, Virginia
WYTL (Ice Breaking Harbor Tug)	Crisfield, Maryland
WMEC (CGC CITRUS) 3/	Coos Bay, Oregon 2/
WMEC (CGC ESCAPE) 3/	Charleston, South Carolina 2/

1/ Specific cutters to be decommissioned will be determined based on mission requirements, material condition of cutter, and anticipated costs required to keep cutter fully operational. Homeports to be vacated are indicated above.

2/ These homeports will continue to have other Coast Guard cutters of the same or another class assigned.

3/ These two cutters are being decommissioned as part of a separate initiative. Please see budget line item 4.C, Medium Endurance Cutter Efficiencies.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	136	0	136	0	$4,946	$1,689	$6,635
FY 1994 Base	136	0	136	0	$5,092	$1,730	$6,822
FY 1995 Request1/	-136	-0	-42	-0	-$1,513	$84	-$1,429

1/ The nonrecurring cost of implementing this initiative in FY 1995 is estimated to be $650K which is offset, except for $84K, by the first year O&M savings of $566K.

The fully annualized recurring savings of this initiative are $6,823K.

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

2. Aviation Restructuring and Efficiencies.......................... -$228,000

This request begins a two year plan to restructure the Coast Guard aviation fleet by resiting aircraft, reallocating aircraft flight hours, removing planes from service, and reassigning personnel to properly and more effectively staff air stations.

Using Total Quality Management (TQM) methodologies, in 1993 a Coast Guard Quality Action Team (QAT) completed an extensive review of aviation resources. One aspect of the review was aircraft siting and staffing changes resulting from the different operational capabilities of the replacement short range recovery (HH-65A) and medium range recovery (HH-60J) helicopters over their predecessors. The study also reallocated aircraft flight hours to better match mission demand.

This initiative will during FY 1995, remove from service five operational HU-25 aircraft, relocate HH-65A and HH-60J helicopters to make better use of their different operational capabilities, increase shipboard deployments for helicopters and adjust personnel levels at Air Stations to better match staffing standards and workload. No air stations will be closed; one will be downgraded to an Air Facility (AIRFAC).

Ultimately, nine HU-25 allowances will be retired under this plan (eight operational and one assigned to programmed depot maintenance). By the end of FY96, the HU-25 fleet will be reduced from 32 to 17 operational aircraft allowances. HU-25 aircraft which from service by an FY 1994 budget action, and others which will be retired by another FY 1995 budget initiative, "Streamline Law Enforcement Activities" (item I.G.5).

A summary of two-year restructuring of aircraft allowances (including planned changes to Drug LE dedicated aircraft) is provided below.

Air Station	FY 1993	BY END OF FY 1996
Astoria, OR	(3) HH-65 (2) HU-25	(3) HH-60

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

2. Aviation Restructuring and Efficiencies (Cont)

Air Station	FY 1993	BY END OF FY 1996	
Barbers Point, HI	(3) HH-65	(4) HH-65	
	(3) HC-130	(4) HC-130	
Brooklyn, NY	(5) HH-65	(4) HH-65	
Cape Cod, MA	(4) HH-60	(4) HH-60	
	(6) HU-25	(3) HU-25	1/
Chicago, IL	(2) HH-65		2/
Corpus Christi, TX	(3) HH-65	(3) HH-65	
	(3) HU-25	(3) HU-25	1/
Kodiak, AK	(4) HH-65	(5) HH-65	
	(4) HH-60	(4) HH-60	
	(6) HC-130	(6) HC-130	
Miami, FL	(9) HH-65	(9) HH-65	
	(10) HU-25	(6) HU-25	
	(2) RG-8	(2) RG-8	
		(1) VC-4A	3/
Mobile, AL	(8) HH-65	(8) HH-65	
	(3) HH-60	(3) HH-60	
	(8) HU-25	(5) HU-25	3/
San Diego, CA	(4) HH-65	(3) HH-60	4/
	(3) HU-25		
San Francisco, CA	(3) HH-60	(4) HH-65	4/
Savannah, GA	(6) HH-65	(5) HH-65	
Traverse City, MI	(3) HH-60	(5) HH-65	2/
Maintenance, Service, and Support	(8) HU-25	(6) HU-25	

1/ (3) HU-25B special mission AIREYE aircraft from Cape Cod replace (3) HU-25A multi-mission aircraft at Corpus Christi.

2/ Chicago to be downgraded to an Air Facility in FY 1995, with deployable aircraft support from Traverse City.

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

2. Aviation Restructuring and Efficiencies (Cont)

3/ (3) HU-25 and (2) HU-25 removed form Mobile and Miami as a result of FY 1994 budget action.

4/ Changes planned for inclusion in FY 1996 budget.

Summary of HU-25 Fleet Reductions

	Op Allowances	Maintenance	Lay-up
FY 1993 Baseline	32	8	1
FY 1994 Changes	-5		+5
FY 1995 Changes	-7	-2	+9
FY 1996 Changes	-3		+3
Totals	17	6	18

AIRCRAFT (Designations / Type / Name)

HH-65	Short Range Recovery Helicopter (SRR) "Dolphin"
HH-60	Medium Range Recovery Helicopter (MRR) "Jayhawk"
HU-25	Medium Range Surveillance Aircraft (MRS) "Falcon"
HC-130	Long range Surveillance Aircraft (LRS) "Hercules"
RG-8A	Motorized Glider
VC-4A	Medium Range Cargo/Passenger Airplane "Gulfstream I"

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	2,773	0	2,773	0	$124,737	$207,487	$332,224
FY 1994 Base	2,773	0	2,773	0	$125,599	$211,637	$337,236
FY 1995 Request 1/	-35	0	-9	0	-$325	$97	-$228

1/ The non-recurring cost of implementing this initiative in FY 1995 is $902K, which is offset by FY 1995 O&M savings of -$805K.

The fully annualized recurring savings of this initiative are $6,567K.

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

3. Consolidate Marine Safety Offices Galveston and Houston, Texas........... -$480,000

This initiative combines MSO Houston and MSO Galveston to form MSO Galveston Bay. This action will result in more efficient performance of the Coast Guard's Marine Safety mission in this high service demand area and gain economies by consolidating services and eliminating duplication of activities. In addition, this initiative saves personnel costs for 10 military and 1 civilian position, while providing more efficient, "one stop" service to the customer.

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	187	18	163	18	$9,000	$0	$9,000
FY 1994 Base	187	18	163	18	$9,000	$0	$9,000
FY 1995 Request 1/	-10	-1	-10	-1	-$500	$20	-$480

1/ The fully annualized recurring savings of this initiative are -$500K.

4. Close Multi-Mission Small Boat Units..... -$691,000

This request will close 14 low workload/low public service impact multi-mission small boat units. In keeping with the spirit of the National Performance Review and to meet the fiscal constraints of the current budgetary climate, the Coast Guard is reviewing its small boat unit operations for potential efficiencies. The Coast Guard has recently established a standard methodology for evaluating unit closures, consolidations and reductions called the Unit Change Guide. The Unit Change Guide will be used to evaluate all Coast Guard multi-mission small boat units. Preliminary results support the closure of 14 units. Remaining small boat unit resources will be reallocated and geographic areas of responsibility will be adjusted so that the impact of these closures on Coast Guard missions will be minimized.

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont)

4. Close Multi-Mission Small Boat Units (Cont)

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	128	0	128	0	$4,229	$568	$4,797
FY 1994 Base	128	0	128	0	$4,325	$582	$4,907
FY 1995 Request1/	-115	0	-29	0	-$926	$235	-$691

1/ The nonrecurring cost of implementing this initiative in FY95 is estimated to be $380K which is offset, except for $235K, by the first year O&M savings of $145K.

The fully annualized recurring savings of this initiative are $4,445K.

5. Streamline Law Enforcement Activities... -$731,000

This initiative streamlines law enforcement activities, with focus on single-mission assets that are presently devoted to drug interdiction. Restructuring selected Coast Guard law enforcement activities is consistent with the proposed change to the national drug policy, which emphasizes a better balance between the supply-side and the demand-side and in-country aspects of drug law enforcement. In examining Coast Guard resource commitment in this area, single mission assets and assets augmenting other agencies' efforts were identified for efficiencies and reduction. Coast Guard at-sea interdiction capabilities are preserved.

This request lays up three HU-25 fixed wing airplanes (two operational and one assigned to programmed depot maintenance) dedicated to air interdiction, eliminates the nine reimbursable Coast Guard personnel detailed to the Organized Crime Drug Enforcement Task Force (OCDETF) Offices, and eliminates three Coast Guard Law Enforcement Detachments (LEDETs).

(Continued on next page)

I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

5. Streamline Law Enforcement Activities (Cont)

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operations & Maint. Funds	Total Funds
FY 1993 Base	557	0	557	0	$18,557	$4,521	$23,078
FY 1994 Base	557	0	557	0	$18,688	$4,643	$23,331
FY 1995 Request1/	-48	0	-11	0	-$280	-$451	-$731

1/ The non-recurring cost of implementing this initiative in FY 1995 is $43K, which is offset by the FY 1995 O&M savings of -$494K. FTP/FTE totals do not include the nine reimbursable FTP/FTE associated with the OCDETF program. These nine reimbursable FTP/FTE are included in reimbursable totals reflected in the personnel summary exhibit.

The fully annualized recurring savings of this initiative are $3,774K.

6. Reduce Maritime Defense Zone (MDZ) Readiness Planning Staff................. -$375,000

The Navy-Coast Guard Board has approved deactivation of both the 2nd (St Louis, Missouri) and 9th (Cleveland, Ohio) MDZ sectors. In addition, five sub-sectors were deactivated (New York, New York, Wilmington, North Carolina, Charleston, South Carolina, Jacksonville, Florida, and Houston/Galveston, Texas). The deactivation plan eliminates inland MDZ activity, while keeping one sub-sector operational in each active coastal sector to conduct drills and exercise operational plans.

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I. PROGRAM REDUCTIONS (Cont)

G. REDUCTION OF OPERATIONS (Cont):

6. Reduce Maritime Defense Zone (MDZ) Readiness Planning Staff (Cont)

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	60	0	60	0	$4,084	$0	$4,084
FY 1994 Base	60	0	60	0	$4,275	$0	$4,275
FY 1995 Request	-22	0	-6	0	-$375	$0	-$375

The fully annualized recurring savings of this initiative are -$1,538K.

H. REDUCTION OF ENGINEERING SUPPORT

1. Streamline Engineering Staff............ -$1,445,000

This request reflects economies realized within several engineering support functions, including the civil engineering program and the system support for an outdated command and control system on one cutter class.

The Coast Guard anticipates a decreased requirement for civil engineering design work, construction contract administration, and facility inspections as Coast Guard facilities are reduced in FY 1995 and beyond. Associated personnel reductions will be taken at Coast Guard Headquarters, Maintenance and Logistics Commands, and Civil Engineering Units. Civilian personnel reductions included in this program will also contribute to the reduction of civilian positions required by Executive Order 12839.

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I. **PROGRAM REDUCTIONS** (Cont)

H. REDUCTION OF ENGINEERING SUPPORT

1. Streamline Engineering Staff (Cont)

Secondly, the Coast Guard plans to replace the existing Command, Display, and Control (COMDAC) system, which provides automated command and control functions on 270-foot medium endurance cutters, with the new, Navy developed and supported, Joint Maritime Command Information System (JMCIS). This transition will be completed over three years using the existing Operating Expenses base. COMDAC replacement will further reduce support needs in FY 1996 and FY 1997.

Base/Request
($000)

	FTP		FTE		Pers.	Operations &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	254	368	254	368	$32,887	$96,438	$129,325
FY 1994 Base	254	368	254	368	$32,974	$98,948	$131,922
FY 1995 Request	-22	-21	-7	-21	-$1,445	$0	-$1,445

The fully annualized recurring savings of this initiative are -$2,327

II. BUILT-IN CHANGES $69,741,000

Personnel:	FTP	FTE
Military	0	121
Civilian	0	12

A. PERSONNEL ENTITLEMENTS:

1. FY 1995 Pay Raise (1.6%)................. $16,262,000

This request provides three-quarter year funding for the FY 1995 proposed 1.6 percent pay increase for both military and civilian personnel anticipated to become effective on January 1, 1995.

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Base	0	0	0	0	0	$0	$0
FY 1994 Base	0	0	0	0	$1,347,190	$0	$0
FY 1995 Request	0	0	0	0	$16,262	$0	$16,262

2. Federal Employee Compensation Fund Increase......................... $909,000

The Coast Guard makes annual reimbursements to the Department of Labor for the Federal Employee Compensation Fund (FEC) and for Unemployment Compensation for Ex-Servicemembers (UCX). This reimbursement is mandated by Title 5 U.S.C. 8147 for FEC and Title 5 U.S.C. 8521 for UCX and is assessed in arrears. Mandated reimbursements for FEC and UCX continue to increase, outpacing available funding. The requested funds will cover the cost increases associated with these reimbursements.

Base/Request
($000)

	FY 1993 Base	FY 1994 Base	Total FY 1995 Requirement	FY95 Request
FEC	$5,026	$5,497	$6,243	$746
UCX	4,870	5,056	5,219	163
Total	$9,896	$10,553	$11,462	$909

II. BUILT-IN CHANGES (Cont)

B. COST OF LIVING ALLOWANCES:

1. Non-Pay Cost of Living Adjustment (1.7%)...$19,913,000

Escalation in the price of goods and services during the previous year (FY 1994) is a factor that must be accommodated to maintain the same level of service to the public in FY 1995. Funding is requested to provide a cost-of-living adjustment based on a projected inflation rate of 1.7 percent for all non-pay items. Additionally, this request restores a one time $600K non-pay COLA base reduction to the Coast Guard Academy taken in FY 1994.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base 1/	0	0	0	0	$0	$1,136,044	$1,136,044
FY 1995 Request	0	0	0	0	$0	$19,913	$19,913

1/ Estimated FY 1994 non-pay direct obligations.

2. Extraordinary Health Care Cost Increase.......................... $7,000,000

The Coast Guard is required by law to provide health care to its military members and their dependents. Costs are passed through to the Coast Guard by Civilian Health and Medical Program of the Uniform Services (CHAMPUS), U.S. Treatment Facilities (USTF), Department of Defense (DoD), and nonfederal contract providers. These sources of care are regulated by legislation, so the Coast Guard cannot exercise direct control over their use by beneficiaries. Many cost avoidance initiatives, e.g., the Active Duty Claims Program, the Federal Medical Care Recovery Act and increases in the CHAMPUS deductible, will help reduce the rate of increase in health care costs. Additionally, the medical resource information system, scheduled for completion in FY 1995, will provide data that will be used to better manage resources. However, the vast majority of Coast Guard health costs are expected to continue their rise at an annual rate of approximately 10%. Health care reform initiatives and cost management initiatives now being developed offer the possibility of limiting future health care cost increases.

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II. BUILT-IN CHANGES (Cont)

B. COST OF LIVING ALLOWANCES:

2. Extraordinary Health Care Cost Increase (Cont)

Base/Request ($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Base	0	0	0	0	$0	$117,050	$117,050
FY 1994 Base	0	0	0	0	$0	$123,570	$123,570
FY 1995 Request	0	0	0	0	$0	$7,000	$7,000

C. ANNUALIZATIONS:

1. Annualization of FY 1994 Part Year Funding.................... $7,949,000

Certain projects for which resources were first provided in FY 1994 were funded for only part of the year. Additional funds and full-time equivalents are required to provide full year resources for the following items:

Item	Amount	FTE Mil	FTE Civ
Passenger Vessel Safety Program......	$333,000	2	3
Spill Response Exercise Support Standardization Team...............	726,000	9	3
Pollution Response Equipment Follow-on..........................	330,000	0	0
Licensing Operators of Federally Documented Uninspected Fishing Vessels	784,000	0	0
Vessel Traffic Service Follow-on.....	187,000	2	2
Differential Global Positioning System (DGPS) Follow-on............	629,000	15	0
Improve Living Marine Resource Enforcement........................	1,453,000	32	0
Coast Guard Interface with DOD's Automated Household Goods (HHG) System Tops.......................	116,000	3	0

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II. BUILT-IN CHANGES (Cont)

C. ANNUALIZATIONS:

1. Annualization of FY 1994 Part Year Funding (Cont)

Container Inspection Program.........	1,836,000	38	0
Marine Inspection Resources..........	1,282,000	16	0
Worklife Initiatives................	171,000	1	4
National Response Center (NRC) Support Resources..................	102,000	3	0
Total....................	$7,949,000	121	12

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request	0	0	121	12	$6,835	$1,114	$7,949

2. Annualization of FY 1994 Pay Raise............................... $2,430,000

Funding is requested to annualize the FY 1994 military pay raise. Recurring funds are required for the fourth quarter increment of the 2.2 percent increase in pay and other entitlements for military personnel which became effective January 1, 1994.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request	0	0	0	0	$2,430	$0	$2,430

II. BUILT-IN CHANGES (Cont)

C. ANNUALIZATIONS:

3. Annualization of FY 1994 Civilian Locality Pay.................. $1,731,000

This request provides one-quarter funding to annualize the FY 1994 civilian locality pay initiative which became effective January 1, 1994. Civilian locality pay was designed to close the pay and compensation gap between federal workers and their private industry counterparts in specific geographic areas.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$5,193	$0	$5,193
FY 1995 Request	0	0	0	0	$1,731	$0	$1,731

D. RESTORATION OF BASE REDUCTIONS:

1. Restore FY 1994 210-Foot Cutter Major Maintenance Availability (MMA) Base Reductions........................ $1,373,000

This request restores the one-time reduction to operation and maintenance (O&M) funds for the 210-foot cutters undergoing MMA during FY 1994. The MMA program is still in progress. This restoration funds the operations and maintenance of the 210-foot cutters that will have completed MMA in FY 1994.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request 1/	0	0	0	0	$0	$1,373	$1,373

1/ FY 1994 reduction of $1,338 adjusted for inflation.

II. BUILT-IN CHANGES (Cont)

D. RESTORATION OF BASE REDUCTIONS:

2. Restore HC-130 Operations and Maintenance Funds One-Time Base Reduction taken in FY 1994...................... $1,197,000

This request restores the one-time reduction to operation and maintenance (O&M) funds taken in FY 1994 for the HC-130 aircraft undergoing maintenance during FY 1994. Between October 1993 and May 1994, the APS-137 Forward Looking Airborne Radar (FLAR) is being installed on one HC-130 aircraft. The aircraft is scheduled to be delivered to Air Station Clearwater, Florida in May 1994. This request restores the necessary full year funding to operate the aircraft in FY 1995.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base 1/	28	0	28	0	$1,068	$1,594	$2,662
FY 1994 Base 1/	28	0	28	0	$1,076	$1,618	$2,694
FY 1995 Request 2/	0	0	0	0	$0	$1,197	$1,197

1/ Represents base funding associated with one HC-130 aircraft.

2/ Restores FY 1994 one-time base reduction of $1,177K adjusted for inflation.

E. AIRCRAFT TECHNICAL DOCUMENTATION AND TRAINING SUPPORT HC-130 and HH-60J........... $1,200,000

This request provides funding to support HC-130H and HH-60J aircraft technical publications. Funds will satisfy critical needs that are dictated by changes to technical aircraft support agreements between the U.S. Coast Guard, the U.S. Air Force and the U.S. Navy. In years past, the Air Force provided the Coast Guard's HC-130H and HH-3F (predecessor to the HH-60J) aircraft with technical publication support under a "no cost" Inter-Service Agreement for integrated logistics support.

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II. BUILT-IN CHANGES (Cont)

E. AIRCRAFT TECHNICAL DOCUMENTATION AND TRAINING SUPPORT HC-130 and HH-60J (Cont)

Due to DoD downsizing and implementation of Defense Business Operating Fund (DBOF) procedures, changes to technical aircraft support agreements between the Coast Guard, the Air Force, and the Navy require payment for "identifiable and service specific" costs associated with the publication of HC-130H and HH-60J aircraft technical manuals. Additionally, this funding will allow for conversion of technical publications to electronic media, thereby decreasing overhead costs and retaining data exchanges and compatibility with DoD and aircraft manufacturers.

The accuracy and timely distribution of technical publications are critical to safe and efficient aircraft operation and maintenance. Operational availability cannot be ensured without additional resources to maintain complete and up-to-date publications.

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request	0	0	0	0	$0	$1,200	$1,200

F. WORKFORCE DOWNSIZING MANAGEMENT INIATIVES... $9,777,000

Multi-year downsizing, consolidation, and management efficiency measures initiated in FY 1995 will allow the Coast Guard to reduce its military and civilian personnel levels significantly. Civilian reductions are being accomplished in accordance with Executive Order 12839 of 10 February 1993. Military reductions will be accomplished through attrition, reduced accessions, and implementation of both a High Year Tenure (HYT) Program and Centralized First Term Reenlistment Review (CFTRR) Boards. The Coast Guard has submitted a legislative proposal to authorize in FY 1995 the use of voluntary separation incentives (VSI) and transition benefits programs currently used by Department of Defense (DOD) to reduce its active duty force.

(Continued on Next Page)

II. BUILT-IN CHANGES (Cont)

F. WORKFORCE DOWNSIZING MANAGEMENT INITIATIVES (Cont)

These programs are necessary for the Coast Guard to: (1) maintain the proper active duty force shape while reducing its size; (2) provide separating members with tools to transition into the civilian work force; (3) reduce unemployment compensation costs by rapidly placing separated members in civilian employment; and (4) maintain compensation and benefits at parity with those provided to DOD personnel during similar Defense downsizing.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request 1/	0	0	0	0	$9,777	$0	$9,777

1/ First year implementation costs, in the form of legally entitled separation benefits, will be higher in FY 1995 due to a large number of personnel being initially identified for involuntary and voluntary separation by these workforce management initiatives.

III. OPERATE NEW FACILITIES........................ $9,414,000

Personnel:	POS	FTE
Military	138	62
Civilian	0	0

A. SHORE FACILITY CONSTRUCTION FOLLOW-ON.......... $2,045,000

This request provides follow-on funding for personnel and operating and maintenance funds to support the following shore construction projects scheduled for completion prior to FY 1996. This request is pro-rated to correspond to the estimated completion dates of the projects. $1,590,000 is the estimated FY 1996 annualization amount, and is provided for informational purposes only.

MAJOR AC&I LOCATION

PROJECT	LOCATION	EST. COMP. DATE	TOTAL	($000) FY95*	FY96
IMPROVE FACILITIES GRP FT MACON	ATLANTIC BEACH, NC	9/95	43	3	40
RELOCATE STA LAKE WORTH	RIVIERA BEACH, FL	9/94	199	199	0
INTERDICTION AIRCRAFT FACILITIES	CLEARWATER, FL	1/95	203	153	50
AIRSTA MIAMI RENOVATION PH I	OPA LOCKA, FL	12/94	97	81	16
NEW AIRSTA BORINQUEN EXCHANGE	AQUADILLA, PR	5/95	0	0	0
NEW MSO BUILDING	TAMPA, FL	7/95	60	14	46
NEW AIRSTA FUEL FARM/RINSE RACK	AQUADILLA, PR	9/95	124	10	114
EXPAND STA COOS BAY STATION	CHARLESTON, OR	10/94	122	122	0
EXPAND GROUP/AIR STATION	NORTH BEND, OR	3/95	310	181	129
NEW HEALTH CARE FACILITY	NORTH BEND, OR	5/94	158	158	0
GROUP/AIRSTA HEALTH CARE FACILITY	PORT ANGELES, WA	6/95	163	55	108
CONSOLIDATE SUPPLY FACILITIES	HONOLULU, HI	1/95	-21	-16	-5
NEW OPS/COMMS/ADMIN FACILITY	HONOLULU, HI	1/95	176	132	44
ATON SUPPORT BUILDING	SITKA, AK	5/95	174	73	101
NEW TRANSMITTER BLDG	NEW ORLEANS, LA	6/94	99	99	0
REALIGN PERIMETER ROAD	ELIZABETH CITY, NC	3/95	25	15	10
HEALTH CARE FACILITY	NEW YORK, NY	10/94	-48	-48	0
SUPRTCEN RENOVATION PH IV	BOSTON, MA	9/94	-278	-278	0
EXPAND SUPRTCEN UPH/GALLEY	PORTSMOUTH, VA	9/95	522	44	478
HIGH VOLTAGE UPGRADE PH IV	NEW YORK, NY	5/95	2	2	0
NEW BEQ/ADMIN/MEDICAL/DENTAL BLDG	SAN PEDRO, CA	7/95	245	61	184
REPLACE COMMUNITY/TEEN CENTER	KODIAK, AK	5/95	18	8	10
RENOVATE RECREATION CENTER/GYM	KODIAK, AK	9/94	151	151	0
COLD STORAGE FACILITY	KODIAK, AK	4/95	266	133	133
EXPAND TRACEN CHILD CARE CENTER	CAPE MAY, NJ	5/95	93	39	54
RENOVATE RECRUIT BARRACKS	CAPE MAY, NJ	7/95	33	8	25
CG YARD - REPLACE PORTAL CRANE 2	BALTIMORE, MD	2/95	0	0	0
SUBTOTAL (Major AC&I)			2,936	1,399	1,537

*FY 1995 funding requested is pro-rated to correspond to estimated project completion dates in FY 1995. Those projects/facilities where follow-on costs decrease reflect reduced operating and maintenance costs due to the construction of smaller and/or more efficient facilities.

(Continued on next page)

III. OPERATE NEW FACILITIES (Cont)

A. SHORE FACILITY CONSTRUCTION (Cont)

MINOR AC&I LOCATION

PROJECT	LOCATION	EST. COMP. DATE	TOTAL	($000) FY95*	FY96
EROSION CONTROL	EATON'S NECK, NY	10/94	9	9	0
AIRSTA OPS/TRAINING FACILITY	SAVANNAH, GA	8/95	24	4	20
MDZ SUBSECTOR COMMAND CENTER	MOBILE, AL	1/95	0	0	0
WATER TREATMENT & STORAGE FACILITY	FREEPORT, TX	8/94	12	12	0
MLB COVERED MOORING	BODEGA BAY, CA	4/95	23	12	11
GROUP LOWER SITE IMPROVEMENTS	MONTEREY, CA	7/95	30	8	22
NEW BOAT HAULOUT FACILITY	HONOLULU, HI	4/94	10	10	0
BUILDING 21 RENOVATIONS	ALAMEDA, CA	3/94	0	0	0
SEWER SYSTEM REPLACEMENT	KETCHIKAN, AK	12/94	13	13	0
EXPAND ONCEN GPS BUILDING	ALEXANDRIA, VA	10/94	57	57	0
SUBTOTAL (Minor AC&I)			178	125	53

*FY 1995 funding requested is pro-rated to correspond to estimated project completion dates in FY 1995. Those projects/facilities where follow-on costs decrease reflect reduced operating and maintenance costs due to the construction of smaller and/or more efficient facilities.

TOTAL O&M Funds requested..............................1,524K

The following personnel requested will provide for the management and maintenance of shore construction projects completed in support of the Coast Guard's housing program.

AREAS SERVED	NUMBER OF HOUSING UNITS	PERSONNEL REQUEST 1/
SANDY HOOK, NJ	37	2
ASTORIA, OR	102	6
SAN JUAN, PR	149	6
BOSTON, MA	80	4
HONOLULU, HI	18	1
	386	19

The following personnel requested will provide maintenance for the expanded new facilities (23 percent size increase) at Coast Guard Air Station Clearwater. This expansion/renovation project will be completed 1/95.

UNIT	PERSONNEL REQUEST 1/
AIR STATION CLEARWATER	3

1/ Personnel excludes 3 General Detail billets requested in FY 1995.

(Continued Next Page)

III. OPERATE NEW FACILITIES (Cont)

A. SHORE FACILITY CONSTRUCTION (Cont)

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Request	0	0	0	0	$0	$0	$0
FY 1994 Request	0	0	0	0	$0	$0	$0
FY 1995 Request	25	0	12	0	$521	$1,524	$2,045

B. VESSEL FOLLOW-ON:

1. Seagoing Buoy Tender (WLB) Lead Ship Crew and Operations and Maintenance Costs.................... $1,512,000

This request provides funding for the replacement Seagoing Buoy Tender lead ship crew (personnel and training) and O&M requirement. These resources are necessary prior to delivery of the lead ship. The current delivery schedule requires the lead ship crew to begin arriving in the 2nd quarter of FY 1995 for familiarization and Operational Test and Evaluation of the new ship. Failure to have a trained crew ready to accept delivery will delay the operational deployment of this valuable capital asset. A separate program reduction line item in budget category I decommissions one of the existing WLB fleet.

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Base	0	0	0	0	$0	$0	$0
FY 1994 Base	0	0	0	0	$0	$0	$0
FY 1995 Request	46	0	23	0	$1,113	$399	$1,512

III. OPERATE NEW FACILITIES (Cont)

B. VESSEL FOLLOW-ON:

2. Coastal Buoy Tender (WLM) Lead Ship Crew and Operations and Maintenance (O&M) Costs............ $602,000

This request provides personnel and funding for the replacement Coastal Buoy Tender lead ship crew, training, and operation and maintenance requirements. These resources are required prior to delivery of the lead ship. The current delivery schedule requires the lead ship crew to begin arriving in the 3rd quarter of FY 1995 for familiarization and Operational Test and Evaluation of the new ship. Failure to have a trained crew ready to accept delivery will delay the operational deployment of this valuable capital asset.

Base/Request
($000)

	FTP		FTE				
	Mil	Civ	Mil	Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Request	0	0	0	0	$0	$0	$0
FY 1994 Request	0	0	0	0	$0	$0	$0
FY 1995 Base	27	0	7	0	$356	$246	$602

3. 47-Foot Motor Life Boat (MLB) Follow-on...................................$144,000

This request provides staffing for a team to train the crews transitioning from the 44-foot Motor Life Boat (MLB) to operate the new, more capable and more complex 47-foot Motor Life Boat.

Base/Request
($000)

	FTP		FTE				
	Mil	Civ	Mil	Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Request	0	0	0	0	$0	$0	$0
FY 1994 Request	0	0	0	0	$0	$0	$0
FY 1995 Base	6	0	3	0	$144	$0	$144

C. NAVIGATION SYSTEMS FOLLOW-ON:

1. Vessel Traffic Service (VTS) System Follow-on.................... $2,516,000

This request provides follow-on funding for personnel, and operation and maintenance (O&M) of the VTS units upgraded in FY 1995. The surveillance expansions and vessel traffic center upgrades are scheduled for completion in FY 1995. This request includes military Electronics Maintenance Officers/Contracting Officer's Technical Representatives (COTR) to oversee the maintenance contracts and engineering details at each of the existing coastal VTS units: New York, NY; Houston/Galveston, TX; San Francisco, CA; Puget Sound, WA; and Prince William Sound, AK. Also included are personnel and O&M funds to establish a centralized VTS System Maintenance and Engineering Facility (SMEF) organization. The SMEF will be located at an existing Coast Guard support facility and will be equipped and staffed to provide depot level repair, maintenance training, hardware/software configuration and field changes to VTS systems nationwide. The new technologies and sophisticated electronics and computer systems included in the VTS upgrades require an integrated, centralized, systems approach to maintenance to ensure standardization, oversight and administration of the VTS system's maintenance program.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base 1/	168	39	168	39	$9,162	$4,141	$13,303
FY 1994 Base 1/	173	44	173	44	$9,687	$5,439	$15,126
FY 1995 Request	16	0	8	0	$654	$1,862	$2,516

1/ Base figures reflect the current military/civilian personnel and O&M funds at VTS New York, NY; Berwick Bay, LA; Houston-Galveston, TX; San Francisco, CA; Puget Sound, WA; and Prince William Sound, AK.

2. Differential Global Positioning System (DGPS) Follow-on.............. $1,445,000

This request provides for the operation and maintenance of the DGPS system established under an Acquisition, Construction, and Improvements (AC&I) project begun in FY 1992. It includes communications costs and maintenance of electronic equipment at monitoring and broadcast sites, and reference control stations.

(Continued on Next Page)

III. OPERATE NEW FACILITIES (Cont)

C. NAVIGATION SYSTEMS FOLLOW-ON:

2. Differential Global Positioning System (DGPS) Follow-on

Eight of the requested personnel will be used to staff the second of two control stations. The remaining personnel will be used for system field maintenance and training support.

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Request	0	0	0	0	$0	$0	$0
FY 1994 Base	38	2	38	2	$1,969	$1,170	$3,139
FY 1995 Request	18	0	9	0	$430	$1,015	$1,445

D. CONSOLIDATED INFORMATION RESOURCES MANAGEMENT (IRM) FOLLOW-ON.................. $1,150,000

This consolidated request provides funds to operate and maintain the following new information systems: 1) Automated Information Systems (AIS) Disaster Recovery Service for major computer facilities, such as the Operations System Center (OCS) in Martinsburg, WV and the Finance Center in Chesapeake, VA; 2) Commercial Satellite Communications (COMSATCOM) for Coast Guard Cutters; 3) the National Response Center (NRC) Automation Enhancement Project (AEP); 4) program requirements and reviews of major projects such as Marine Information for Safety and Law Enforcement (MISLE); and 5) Strategic Information Resources Management Plan (SIRMP) development and revision for Districts and Maintenance and Logistics Commands (MLCs). The follow-on costs and schedule are provided below:

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Base	0	0	0	0	$0	$2,741	$2,741
FY 1994 Base	0	0	0	0	$0	$3,343	$3,343
FY 1995 Request 1/	0	0	0	0	$0	$1,150	$1,150

III. OPERATE NEW FACILITIES (Cont)

D. CONSOLIDATED INFORMATION RESOURCES MANAGEMENT (IRM) FOLLOW-ON.(Cont)

1/ FY95 Funding Request Breakdown

PROJECT NAME	FTE Mil	FTE Civ	Pers Funds	OPERATION & MAINTENANCE $(000)	System Operational Date
Automated Information Systems Disaster Recovery	0	0	$0	$500	FY 1995
Commercial Satellite Communications For Ships	0	0	$0	$300	FY 1994
National Response Center Automation Enhancement Project	0	0	$0	$100	FY 1994
Program Reviews of Major Information (Computer) Systems	0	0	$0	$150	FY 1994
Strategic Information Resources Planning for District Offices and Maintenance and Logistics Commands	0	0	$0	$100	FY 1994
TOTAL FY 1995 FUNDING REQUESTED:	0	0	$0	$1,150	

IV. IMPROVE MISSION EFFECTIVENESS.................. $2,158,000

Personnel:	POS	FTE
Military	-16	-33
Civilian	0	0

A. HAZARDOUS MATERIALS MANAGEMENT, DISPOSAL AND TRAINING.......................... $2,429,000

This request seeks funding to enhance the management, oversight, and disposal of hazardous materials and wastes in accordance with provisions of the Resource Conservation and Recovery Act (RCRA) and other applicable environmental laws and regulations. It also supports the Secretary's goal of providing an environmentally sound transportation policy and infrastructure. This request will reduce the Coast Guard's exposure to fines and penalties that may be levied by the individual states for environmental noncompliance under the Federal Facilities Compliance Act (FFCA), which waives the sovereign immunity of federal facilities under RCRA.

Specifically, these funds will be used to train personnel in the safe and proper handling of hazardous materials and wastes as required by RCRA, the Occupational Safety and Health Act (OSHA), and applicable state laws and regulations. It will also provide for an increase in hazardous waste disposal funding at Coast Guard shore facilities to reflect a nationwide escalation of costs for disposal of hazardous wastes. Funding will also provide for hazardous waste management billets at those Coast Guard shore units which are the biggest users and generators of hazardous materials and wastes, such as support centers, industrial bases, and groups. The ever-increasing number of environmental compliance requirements has made hazardous materials management and compliance with federal, state, and local environmental laws a full-time job at many Coast Guard facilities. In addition to ensuring Coast Guard units comply with all hazardous waste handling and disposal regulations, these personnel will also ensure compliance with the recently signed E.O. 12856 (Federal Compliance with Right-To-Know Laws and Pollution Prevention Requirements), which will significantly increase the workload at many Coast Guard shore units.

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IV. IMPROVE MISSION EFFECTIVENESS (Cont)

A. HAZARDOUS MATERIALS MANAGEMENT, DISPOSAL AND TRAINING (Cont)

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	0	0	0	0	$0	$2,307	$2,307
FY 1994 Base	0	0	0	0	$0	$2,369	$2,369
FY 1995 Request 1/	17	0	8	0	$704	$1,725	$2,429

1/ Includes funding for two general detail billets.

B. FAR EAST ACTIVITIES (FEACT) INITIATIVE SINGAPORE/JAPAN.................................. $24,000

This initiative establishes overseas activity offices in Singapore and Japan to more efficiently manage overseas inspection responsibilities of U.S. flag vessels in the East Asia region. The funding necessary to establish these offices would come from personnel efficiencies and savings produced by implementing this initiative.

Currently, two inspectors are assigned in Singapore. However, the inspection workload requires continuous augmentation by visiting inspectors from MSO Honolulu and various other MSO offices located in the continental U.S. By relocating inspectors to the area where work is performed, approximately 17,000 hours of travel and non-inspection time can be redirected to productive inspection hours.

Personnel dollar savings from eliminating six FTP/FTE will fund the establishment of activity offices in Singapore and Japan, and still produce net recurring savings. A total of eight personnel would be reassigned from the existing Marine Safety Office in Honolulu to staff this initiative. The operations and maintenance costs are associated with support agreements between the Coast Guard and the Departments of State and Defense to provide office space, administrative assistance, and housing support to Coast Guard personnel overseas.

(Continued Next Page)

IV. IMPROVE MISSION EFFECTIVENESS (Cont)

B. FAR EAST ACTIVITIES (FEACT) INITIATIVE SINGAPORE/JAPAN (Cont)

This initiative will produce an estimated recurring net savings of $271,000 in FY 1996, when the remaining three of six FTE and non-recurring costs are annualized. Three FTE are retained in FY 1995 to ensure continued inspection services are available, while these activity offices are being established. As a secondary benefit, this initiative will strengthen our Marine Safety and Environmental Protection relationships with the Pacific Rim Nations.

Base/Request
($000)

	FTP Mil	FTP Civ	FTE Mil	FTE Civ	Pers. Funds	Operation & Maint. Funds	Total Funds
FY 1993 Base	17	0	17	0	$1,119	$30	$1,149
FY 1994 Base	17	0	17	0	$1,126	$31	$1,157
FY 1995 Request 1/	-6	0	-3	0	-$177	$201	$24

1/ The fully annualized recurring savings of this initiative are -$271,000.

C. MEDIUM ENDURANCE CUTTER EFFICIENCIES............ -$1,042,000

The Coast Guard will decommission the Medium Endurance Cutters ESCAPE and CITRUS. The Coast Guard has arranged for the transfer of two excess U.S. Navy STALWART-class ocean surveillance ships at no acquisition cost. Their patrol days are needed on the east coast to meet the continuing demand for medium endurance cutter resources to carry out the Coast Guard's migrant interdiction, fisheries, and drug law enforcement missions.

This initiative supports the National Performance review objective. ESCAPE and CITRUS were both built for other purposes, are over 50 years old and have long passed their intended service lives. It is no longer cost effective to operate these ships. They are people intensive to operate, place an increasing burden on scarce maintenance funds, are more difficult to support than more modern ships, will not accommodate mixed gender crews, and have significantly substandard habitability conditions.

(Continued Next Page)

IV. IMPROVE MISSION EFFECTIVENESS (Cont)

C. MEDIUM ENDURANCE CUTTER EFFICIENCIES (Cont)

In addition, the Coast Guard would require $28M in capital improvements for continued operation of these ships for the next ten to fifteen years. In comparison, the STALWART class ocean surveillance ships are less than 12 years old, have modern, supportable engineering plants, have superior habitability conditions, can accommodate mixed gender crews, and will be operated with smaller crews than ESCAPE and CITRUS. This initiative will save $1.2M, on a recurring basis, and avoid significant capital costs.

Base/Request
($000)

	FTP		FTE		Pers.	Operation &	Total
	Mil	Civ	Mil	Civ	Funds	Maint. Funds	Funds
FY 1993 Base	146	0	146	0	$5,354	$1,492	$6,846
FY 1994 Base	146	0	146	0	$5,516	$1,528	$7,044
FY 1995 Request 1/	-35	0	-46	0	-$1,446	$404	-$1,042

1/ The nonrecurring cost of implementing this initiative in FY95 is estimated to be $750K which is offset by the first year O&M savings of $346K.

The fully annualized recurring savings of this initiative are $1,224K.

D. TEMPORARY LEASE FACILITIES FOR BASE ST. LOUIS, MISSOURI AND GROUP UPPER MISSISSIPPI RIVER, KEOKUK, IOWA.. $375,000

This request will provide funding for the incremental costs of temporary services and leased facilities for Coast Guard Base St. Louis (St. Louis, Missouri) and Group Upper Mississippi River (UMR) (Keokuk, Iowa); which were severely damaged and rendered unusable by the Mississippi River floods in the summer of 1993. P.L. 103-75 appropriated $10 million, to remain available until 31 March 1994, for the Coast Guard's OE appropriation to fund emergency expenses resulting from the flooding.

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IV. IMPROVE MISSION EFFECTIVENESS (Cont)

D. TEMPORARY LEASE FACILITIES FOR BASE ST. LOUIS, MISSOURI AND GROUP UPPER MISSISSIPPI RIVER, KEOKUK, IOWA (Cont)

The Coast Guard requires continued operations and maintenance funding to maintain leased facilities, housing for personnel, and vital communications services for these two units until a replacement facility can be built under a separate Acquisition, Construction, and Improvements (AC&I) request in this budget. It is anticipated this incremental increase in O&M will be required through FY 1997.

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1995 Request 1/	0	0	0	0	$0	$375	$375

1/ These are new incremental costs associated with maintaining temporary leases and services, and as such have no previous recurring base.

E. 140-FOOT ICEBREAKER TUGBOAT (WTGB) MAINTENANCE AUGMENTATION TEAM................ $372,000

This request provides billets and additional maintenance funds to support 140-foot Icebreakers on the Great Lakes. A second maintenance augmentation team (7 personnel) will be established to assist the WTGB crews with preventative maintenance and repair/overhaul of engineering equipment.

The 140-foot WTGB's were built in the 1970's and 1980's using sophisticated but proven technology. The minimum staffing of 17 crewmembers per ship was designed to permit operations and maintenance without substantial shoreside support. However, the operating tempo and maintenance requirements have increased for two WTGB's that received aids to navigation barges in 1991-92.

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IV. IMPROVE MISSION EFFECTIVENESS (Cont)

E. 140-FOOT ICEBREAKER TUGBOAT (WTGB) MAINTENANCE AUGMENTATION TEAM (Cont)

Moreover, a sixth WTGB, PENOBSCOT BAY, will be moved to the Great Lakes and the large icebreaker MACKINAW will cease operations in FY 1994, increasing operational demands on the WTGB fleet. While the WTGB's have proven to be highly capable icebreaking vessels with a record of reliable operations, their continued reliability and the Coast Guard's ability to correct equipment casualties expeditiously becomes more important as the WTGB's enter middle age. This initiative will ensure continued operational readiness of these ships.

Base/Request
($000)

	FTP		FTE		Pers. Funds	Operation & Maint. Funds	Total Funds
	Mil	Civ	Mil	Civ			
FY 1993 Base	7	0	7	0	$289	$852	$1,141
FY 1994 Base	7	0	7	0	$300	$852	$1,152
FY 1995 Request 1/	8	0	8	0	$322	$50	$372

1/ Personnel totals include General Detail.

Acquisition, Construction, and Improvements

For necessary expenses of acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, [$327,500,000] *$439,200,000*, of which [$20,000,000] *$32,500,000* shall be derived from the Oil Spill Liability Trust Fund; of which [$95,300,000] *$214,250,000* shall be available to acquire, repair, renovate or improve vessels, small boats and related equipment, to remain available until September 30, [1998; $49,685,000] *1999; $14,900,000* shall be available to acquire new aircraft and increase aviation capability, to remain available until September 30, [1996; $44,500,000] *1997; $61,500,000* shall be available for other equipment, to remain available until September 30, [1996; $96,400,000] *1997; $103,550,000* shall be available for shore facilities and aids to navigation facilities, to remain available until September 30, [1996] *1997*; and [$41,615,000] *$45,000,000* shall be available for personnel compensation and benefits and related costs, to remain available until September 30, [1994] *1996*: *Provided*, That funds received from the sale of the VC–11A aircraft shall be credited to this appropriation for the purpose of acquiring new aircraft and increasing aviation capacity.

[(RESCISSION)]

[Of the funds provided under this heading in Public Law 102–388, $20,000,000 are rescinded.] *(Department of Transportation and Related Agencies Appropriations Act, 1994*; additional authorizing legislation to be proposed.)

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
Program and Financing (in thousands of dollars)

Identification code: *69-0240-0-1-999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Program by activities:			
	Direct Program:			
00.01	Search and rescue	41,948	39,200	70,992
00.02	Aids to navigation	60,084	66,900	169,282
00.03	Marine safety	10,932	15,450	49,870
00.04	Marine environmental protection	32,796	27,600	58,807
00.05	Enforcement of laws and treaties	200,418	187,832	150,848
00.06	Ice operations	7,288	6,150	49,378
00.07	Defense readiness	10,932	9,225	11,273
00.91	Total direct program	364,398	352,357	560,450
01.01	Reimbursable program	6,688	15,000	15,000
10.00	Total obligations	371,086	367,357	575,450
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	−296,562	−271,857	−227,000
24.40	Unobligated balance available, end of year: Treasury balance	271,857	227,000	105,750
25.00	Unobligated balance expiring	307	....	....
39.00	Budget authority (gross)	346,688	322,500	454,200

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION AND IMPROVEMENTS

Program and Financing (in thousands of dollars) p.2

Identification code: 69-0240-0-1-999	*1993 actual*	*1994 estimate*	*1995 estimate*
Budget Authority:			
Current:			
40.00 Appropriation (definite)	304,360	307,500	406,700
40.36 Unobligated balance rescinded (Public Law 102-368)	.....	−20,000	.....
43.00 Appropriation (total)	304,360	287,500	406,700
Permanent:			
68.00 Spending authority from offsetting collections (adjusted)	42,328	35,000	47,500
Relation of obligations to outlays:			
71.00 Total obligations	371,086	367,357	575,450
72.40 Obligated balance, start of year: Treasury balance	458,969	458,894	474,322
74.40 Obligated balance, end of year: Treasury balance	−458,894	−474,322	−671,709
77.00 Adjustments in expired accounts	−18,018	.....	.....
87.00 Outlays (gross)	353,143	351,929	378,063
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal funds (DoD)	−6,688	−15,000	−15,000
88.30 Trust funds (Oil spill liability trust fund)	−35,640	−20,000	−32,500
88.90 Total, offsetting collections	−42,328	−35,000	−47,500
89.00 Budget authority (net)	304,360	287,500	406,700
90.00 Outlays (net)	310,814	316,929	330,563

COAST GUARD -- Acquisition, Construction, and Improvements

PROGRAM AND PERFORMANCE

The acquisition, construction, and improvements (AC&I) appropriation provides for the major acquisition, construction, and improvement of vessels, aircraft, information management resources, shore units, and aids to navigation.

Vessels: During FY 1995, efforts to acquire replacements for Seagoing and Coastal Buoy Tenders, Buoy Boats, and Motor Lifeboats will continue. Major accomplishments will also be realized in the area of vessel renovation and modernization.

Aircraft: Installation of the Traffic Alert and Collision Avoidance System (TCAS) and Global Positioning System (GPS) will continue in 1995. HU-25 FALCON aircraft enhancements will be completed in 1995.

Other Equipment: In 1995, new management information system replacements and upgrades will continue. The Vessel Traffic Services (VTS) 2000 initiative to establish new systems in selected ports in response to the Port Needs Study will continue in FY 1995, as does the equipment replacement project for existing VTS systems. Several communication systems projects are budgeted for FY 1995.

Shore Facilities: In 1995, shore facility projects will be balanced among new construction, renovations, improvements, and replacement of existing facilities, along with an emphasis on adequate, affordable housing. In addition, planned projects will provide facilities to accommodate changing operational and support requirements.

Summary of Budget Authority and Outlays

(in thousands of dollars)

Identification code: *69-0240-5-1-999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Enacted/requested:			
Budget Authority	304,360	287,500	406,700
Budget Outlay	310,814	316,929	330,563
Rescission Proposal:			
Budget Authority	....	−2,000	....
Budget Outlay	....	....	....
Total:			
Budget Authority	304,360	287,500	406,700
Budget Outlay	310,814	316,929	330,563

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION AND IMPROVEMENTS

Object Classification (in thousands of dollars)

Identification code: *69–0240–0–1–999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Direct obligations:			
	Personnel compensation:			
11.1	Full–time permanent	11,902	14,545	15,394
11.3	Other than full–time permanent	88	36	38
11.5	Other personnel compensation	72	187	265
11.7	Military personnel	15,332	21,430	21,958
11.9	Total personnel compensation	27,394	36,198	37,655
12.1	Civilian personnel benefits	2,454	3,100	3,243
12.2	Military personnel benefits	1,320	1,613	1,842
21.0	Travel and transportation of persons	8,014	7,397	8,930
22.0	Transportation of things	674	829	1,196
23.3	Communications, utilities, and miscellaneous charges	984	746	1,449
24.0	Printing and reproduction	257	552	796
25.2	Other services	59,244	27,704	122,820
26.0	Supplies and materials	41,716	42,686	91,426
31.0	Equipment	88,460	127,692	161,744
32.0	Lands and structures	98,241	83,840	96,849
99.0	Subtotal, direct obligations	328,758	332,357	527,950
99.0	Reimbursable obligations	42,328	35,000	47,500
99.9	Total obligations	371,086	367,357	575,450

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
Personnel Summary

Identification code: *69-0240-0-1-999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Direct:			
Military: Total compensable workyears:			
Full-time equivalent employment	327	384	394
Civilian: Total compensable workyears:			
Full-time equivalent employment	275	293	299
Full-time equivalent of overtime and holiday hours	2	2	2

COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
(Rescission Proposal)

Program and Financing (in thousands of dollars)

Identification code: *69–0240–5–1–999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	....	....	2,000
24.40	Unobligated balance available, end of year: Treasury balance	....	−2,000	−2,000
40.36	**Budget authority (appropriation recission proposal) (unobligated balances) (R94–58)**	....	−2,000	....
	Relation of obligations to outlays:			
71.00	Total obligations	....	....	....
90.00	**Outlays**	....	....	....

This proposal would rescind unobligated balances for the incremental costs arising from the consequences of Hurricane Andrew and Hurricane Iniki remaining from emergency supplemental funding provided in 1992. Balances remaining after this rescission would be adequate to carry out the purposes for which they were provided.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
ACQUISITION, CONSTRUCTION, & IMPROVEMENTS
Budget Authority (dollars in thousands)

Program by activities:	1993 Actual Full-time perm.pos.	1993 Actual Appro-priation	1994 Estimate Full-time perm.pos.	1994 Estimate Appro-priation	1995 Estimate Full-time perm.pos.	1995 Estimate Appro-priation
1. Search and rescue		33,162		26,985		44,994
2. Aids to navigation		76,288		75,864		148,282
3. Marine safety		24,521		28,347		39,870
4. Marine environmental protection		35,681		24,610		41,955
5. Enforcement of laws and treaties		137,521		150,468		113,448
6. Ice Operations		21,751		13,569		40,378
7. Defense readiness		11,076		7,657		10,273
Total appropriation or estimate	650	340,000	704	327,500	757	439,200
(Military)	347		386		432	
(Civilian)	303		318		325	

Notes: Amounts shown represent a programmatic distribution of funds appropriated for each year. Therefore, they may not correspond to the amounts on lines 00.01–00.07 of the Program and Financing schedule, which consist of direct obligations of both prior year and current year appropriated funds. The following numbers reflect dollars in thousands: This table includes $35,640 in 1993, $20,000 in 1994 and $32,500 in 1995 from the Oil Spill Liability Trust Fund (Trust Fund Share of Expenses). FY 1994 does not reflect $20 million rescission from prior year unobligated balances pursuant to P.L. 103–122.

U. S. COAST GUARD
JUSTIFICATION
FY 1995 CONGRESSIONAL-STAGE
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS: 69-0240-0-1-999

	PAGE NUMBER	PRESIDENT'S REQUEST ($000)
I. VESSELS:		
A. ACQUIRE VESSELS AND EQUIPMENT:		
1. SURVEY AND DESIGN - CUTTERS AND BOATS	88	750
2. SEAGOING BUOY TENDER (WLB) REPLACEMENT	89-90	34,500
3. COASTAL BUOY TENDER (WLM) REPLACEMENT	91-92	56,000
4. BUOY BOAT REPLACEMENT PROJECT	93-94	18,500
5. 47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT PROJECT	95-96	31,000
6. POLAR ICEBREAKER REPLACEMENT FOLLOW-ON	97-98	10,400
7. 378-FOOT SHIPBOARD COMMAND AND CONTROL SYSTEM (SCCS)	99-100	6,000
8. 82-FOOT WPB CAPABILITY REPLACEMENT	101	10,000
9. NORWEGIAN CREW SEARCH AND RESCUE BOAT	102	2,000
10. SELF PROPELLED BARGE PROCUREMENT	103-104	2,500
B. REPAIR, RENOVATE OR IMPROVE EXISTING VESSELS AND SMALL BOATS:		
1. 210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MAJOR MAINTENANCE AVAILABILITY (MMA)	105	25,000
2. POLAR CLASS ICEBREAKER RELIABILITY IMPROVEMENT PROJECT (RIP)	106-107	11,600
3. STALWART CLASS CONVERSION	108	6,000
SUBTOTAL-VESSELS		214,250
II. AIRCRAFT:		
ACQUIRE NEW AIRCRAFT AND INCREASE AVIATION CAPABILITY:		
1. TRAFFIC ALERT AND COLLISION AVOIDANCE SYSTEM (TCAS) - PHASE II	109	7,000
2. GLOBAL POSITIONING SYSTEM INSTALLATION - PHASE V	110-111	2,300
3. HU-25B AIREYE SYSTEM REPLACEMENT	112-113	1,600
4. HH-65 HELICOPTER - MAIN TRANSMISSION GEARBOX UPGRADE - PHASE II	114-115	2,000
5. HU-25C MODIFICATION	116-117	2,000
SUBTOTAL-AIRCRAFT		14,900

U. S. COAST GUARD
JUSTIFICATION
FY 1995 CONGRESSIONAL-STAGE
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS: 69-0240-0-1-999

		PAGE NUMBER	PRESIDENT'S REQUST ($000)
III.	OTHER EQUIPMENT:		
1.	SYSTEMS TO AUTOMATE AND INTEGRATE LOGISTICS (SAIL).	118-119	8,800
2.	RESOURCE INFORMATION SYSTEM (KRIS) FOR HEALTH SERVICES PROGRAM - PHASE III	120	3,000
3.	VESSEL TRAFFIC SERVICES (VTS) 2000	121-122	32,000
4.	VESSEL TRAFFIC SERVICES EQUIPMENT REPLACEMENT	123-124	3,000
5.	OIL POLLUTION RESPONSE EQUIPMENT	125	2,500
6.	SEARCH AND RESCUE MANAGEMENT INFORMATION SYSTEM	126	900
7.	GLOBAL MARITIME DISTRESS AND SAFETY SYSTEM - PHASE III	127-128	1,800
8.	CONVERSION OF SOFTWARE APPLICATIONS - PHASE II	129	3,000
9.	COMMUNICATION STATION HONOLULU TRANSMITTERS	130	1,900
10.	FINANCE CENTER INFORMATION SYSTEM REPLACEMENT	131	1,000
11.	REPLACE AIRCRAFT REPAIR AND SUPPLY COMPUTER - PHASE IV	132-133	2,000
12.	VESSELS TRAFFIC SERVICES (VTS) UPGRADE AND EXPANSION PROJECT	134-135	1,600
	SUBTOTAL-OTHER EQUIPMENT		61,500

U. S. COAST GUARD
JUSTIFICATION
FY 1995 CONGRESSIONAL-STAGE
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS: 69-0240-0-1-999

	PAGE NUMBER	PRESIDENT'S REQUEST ($000)
IV. SHORE FACILITIES AND AIDS TO NAVIGATION:		
A. SHORE - GENERAL:		
1. SURVEY AND DESIGN - SHORE PROJECTS............	136	10,000
2. MINOR AC&I SHORE CONSTRUCTION PROJECTS.........	137	6,000
B. SHORE - AIR STATIONS:		
1. AIR STATION MIAMI UPGRADE - PHASE II...........	138	8,400
C. SHORE - SUPPLY CENTERS/SUPPORT CENTERS/YARD:		
1. SUPPORT CENTER NEW YORK, NY - CONSTRUCT ET/ANT SHOPS..	139-140	3,250
2. SUPPORT CENTER SEATTLE, WA - RECONSTRUCT PIER 37	141	10,300
D. SHORE - PERSONNEL SUPPORT FACILITIES:		
1. PUBLIC FAMILY QUARTERS........................	142	18,200
E. SHORE - GROUPS/BASES/STATIONS/MSOS:		
1. STATION PROVINCETOWN - REPLACE WAVE BARRIER....	143	1,300
2. BASE SAN JUAN, PR - RECONSTRUCTION - PHASE I....	144-145	10,750
3. BASE ST. LOUIS FLOOD RECOVERY - CONSTRUCT BASE AND GROUP FACILITIES......................	146-147	9,000
4. BASE HONOLULU, HI - ELECTRICAL SYSTEM IMPROVEMENTS	148	1,950
5. ATLANTIC STRIKE TEAM - CONSTRUCT MAINTENANCE AND EQUIPMENT STORAGE FACILITY..............	149	5,000
F. AIDS TO NAVIGATION FACILITIES:		
1. WATERWAYS SHORT RANGE AIDS PROJECTS.............	150-151	5,500
2. OVERSEAS LORAN-C CLOSURE - PHASE II...........	152	13,900
SUBTOTAL-SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES		103,550
V. PERSONNEL AND RELATED SUPPORT:		
1. PERSONNEL AND RELATED COSTS	153	45,000

U. S. COAST GUARD
JUSTIFICATION
FY 1995 CONGRSSIONAL-STAGE
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS: 69-0240-0-1-999

SUMMARY AC&I:

		PRESIDENT'S REQUEST ($000)
I.	SUBTOTAL - VESSELS	214,250
II.	SUBTOTAL - AIRCRAFT	14,900
III.	SUBTOTAL - OTHER EQUIPMENT	61,500
IV.	SUBTOTAL - SHORE FACILITIES AND AIDS TO NAVIGATION	103,550
V.	SUBTOTAL - PERSONNEL AND RELATED COSTS	45,000
	TOTAL, FY 1995 AC&I REQUEST	439,200

NOTE: Estimated future costs and planned operational staffing figurea shown on the following aheets are Coast Guard planning figures and do not necessarily reflect approved budget eatimates.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE SURVEY AND DESIGN - CUTTERS AND BOATS	NEAREST CITY & CONGRESSIONAL DISTRICT Various	AMOUNT REQUESTED $750,000

Reason for Request: To support future year cutter and boat renovation and acquisition programs by providing the pre-acquisition engineering support needed to transform operational requirements into engineering specifications required to develop initial cost estimates.

Description of Problem or Need: Early planning, requirements development, and cost estimating efforts in support of future cutter and boat renovations and acquisitions involve significant engineering efforts. These efforts include assisting the sponsoring office in developing/refining requirements through feasibility studies to verify the soundness and practicability of various combinations of vessel performance and payload requirements. Computer ship models are used in trade-off studies which analyze the impact of varying parameters (e.g., displacement vs speed, speed vs fuel economy) over ranges of interest, with the ultimate goal of determining an optimum set of requirements which will lead to a balanced, integrated, and thus cost effective ship design. Later, a point design identifies critical parameters and permits a more accurate look at potential acquisition project budget costs. Scale model testing is also frequently used to validate and improve speed predictions and hull form designs previously based on computations. To maintain expertise in all these areas of tasking, ongoing investigations into state of the art design methods are required to support development of design criteria and procurement specifications. The Coast Guard operates over 200 cutters and 900 small boats. Diverse mission requirements call for complex designs and performance capabilities. Maintaining total in-house engineering expertise would require a considerable staff and costly facilities. Therefore, much of the Naval Engineering Survey and Design work is accomplished by using outside expertise (e.g., commercial engineering firms, David Taylor Research center, U. S. Naval Academy). Funding is also required for periodic upgrades for computer hardware/software used in performing the design work described above. For example, the development of computer software that accurately predicts the speed and motions of a high speed craft in a seaway improves the ability to evaluate and compare various cutter designs during the planning phases of a future patrol boat acquisition.

Description of Solution: Procure selected engineering support and services from commercial firms and other government agencies. Maintain limited in-house expertise.

Benefits: Cutter and boat renovations and acquisitions will be ready for execution when required, thus maintaining fleet capability and avoiding project backlogs. Validation/refinement of project feasibility, design improvements and cost estimates will be completed and available at the beginning of project submission process. Coast Guard will have in-house capability to evaluate/validate design criteria and ensure maximum application of technical advances for future cutter and boat renovation and acquisition projects.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
S&D Projects	1991	1,000
S&D Projects	1992	1,100
S&D Projects	1993	1,200
S&D Projects	1994	500

SUMMARY ($000)

AMOUNT OF THIS REQUEST	750
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	4,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	-----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Survey and Design of Various Projects	LS	---	$750

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SEAGOING BUOY TENDER (WLB) REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $34,500,000

Reason for Request: To continue replacement of the capabilities of the current fleet of Seagoing Buoy Tenders (WLBs).

Description of Problem or Need: WLBs service coastal and offshore portions of the national short range aids to navigation (SRA) system where smaller units cannot work. Having undergone at least one major renovation or service life extension, the WLBs will all be over 50 years old in FY95. Additional service-life extensions are not economical. WLBs are experiencing increased maintenance, support, structural, and mechanical problems.

Description of Solution: Three contractors were selected to develop WLB contract designs based on a performance specification. Marinette Marine Corp was selected in Feb 93 to complete the detailed design and construct a lead ship. Starting in FY 94, options will allow the Coast Guard to buy up to four additional WLBs until a full production contract is awarded in FY 97. FY 94 funds were appropriated for the construction of the first option vessel, the second ship to be constructed. This FY 95 request will fund construction of the second option vessel; the third ship overall. The new WLB will have improved speed, maneuverability, habitability, seakeeping, and a smaller crew than the current WLB. It will also have a built-in oil recovery capability.

Benefits: The capability to maintain aids to navigation in an exposed offshore environment will be retained. Statutory responsibility for maintaining an accurate and reliable SRA system will be met. Operating costs will be reduced with the use of current technology providing higher capability, as well as improved reliability and maintainability. A fleet of geographically dispersed vessels able to recover oil will be available to respond to oil spills. Significant operational savings will accrue due to the reduced WLB/WLM fleet size and smaller crews.

Project Accomplishments:
a. Jul 88: Acquisition Paper approved as combined WLB/WLM project.
b. Oct 90: WLB Replacement established as a separate project.
c. May 91: Awarded design contracts to 3 shipyards.
d. Aug 92: Full scale development approved.
e. Jan 93: Awarded contract for lead ship construction to Marinette Marine Inc. of Marinette, WI with options for up to four additional ships.
f. May 93: Established WLB Project Resident Office in Marinette, WI.
g. Jan 94: Began construction of Lead Ship.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT WLB CREW SIZE	4	2	44	---	50[1]
PLANNED WLB REPLACEMENT CREW SIZE	4	2	34	---	40[2]

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
WLB/WLM Replacement Project (Feasibility Studies Concept Design)	1989	3,200[3]
WLB Replacement Project (Contract Design Development)	1990	3,190[4]
WLB Replacement Project (Contract Design and Proposal Evaluation)	1991	2,000
WLB Replacement Project (Lead Ship Construction Award)	1992	67,700[5]
WLB Replacement Project (Project Planning & Administration)	1993	1,000
WLB Replacement Project (Low Rate Initial Production)	1994	36,700[6]

SUMMARY ($000)

AMOUNT OF THIS REQUEST	34,500
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	471,100
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	----

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SEAGOING BUOY TENDER (WLB) REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $34,500,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	ESTIMATED COST QTY	($000)
1. Award Construction Option for additional WLB	OV	1	31,100
2. Integrated Logistics Support	OV	1	2,050
3. Operational Test & Evaluation Planning	LS	1	500
4. Project Resident Office Administration	EA	1	300
5. Project Administration/Support Services	EA	1	550
	Total		$34,500

NOTES:
1. 26 hulls in current fleet.
2. Current plan is for 16 hulls based on SFM 2000 study. Fleet size will be validated prior to full production contract.
3. FY89 appropriation jointly funded the WLB and WLM replacements.
4. Reflects 0.3% Byrd Amendment (P.L. 101-164) reduction.
5. FY92 includes $ 1.2M reprogrammed from EC-130V Project
6. FY94 includes $4.7M reprogrammed from Icebreaker RIP program, and $1.1M reprogrammed from CGC Mackinaw Rehabilitation project.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
COASTAL BUOY TENDER (WLM) REPLACEMENT	VARIOUS	$56,000,000

Reason for Request: To continue to replace the capabilities of the aging fleet of 133-foot and 157-foot tenders collectively designated as the Coastal Buoy Tenders (WLMs).

Description of Problem or Need: The WLM fleet maintains an integral portion of the nation's maritime Aids to Navigation system. WLMs position, maintain and repair over 50,000 buoys, day markers, and lights essential to the safe and efficient transit of commercial and recreation vessels in U.S. waters. The WLM fleet services navigation aids in more protected waters or in areas that do not require extensive transit distances.The current WLM fleet is comprised of six 133-foot and five 157-foot WLMs, all of which will be between 30-50 years old by the time they are replaced. Operating these vessels beyond the design service life of 30 years requires increased personnel and capital resources to maintain their reliability and capability. Mission Analysis studies indicate a continuing need for Aids to Navigation (ATON) services well into the next century. The current fleet of WLMs will not be able to meet those needs reliably or economically.

Description of Solution: The Aids to Navigation Service Force Mix 2000 study was jointly completed by the Coast Guard and the Volpe Transportation Systems Center in July 1992. This study viewed ATON requirements as an integrated system. Integrating ATON requirements permits the Coast Guard to substantially reduce overall ATON fleet requirements from 37 total vessels to 30, with a net savings in personnel of over 500 billets.While there is an increase in the quantity of WLMs (from 11 to 14), there is a decrease (from 26 to 16) in the much larger and more expensive to operate Seagoing Buoy Tenders (WLBs). The replacement WLM will offer a higher level of service to the public through increased speed and automated positioning equipment, while maintaining the crew size of the smallest current WLM. A contract has been awarded to Marinette Marine Corporation of Marinette, Wisconsin for the design and construction of the lead WLM. The vessel will be 175 feet in length, possess enhanced navigation and buoy handling systems, and is expected to be delivered early in FY1996. This FY1995 request will fund 3 option vessels. Prior to the option award, vendor performance will be evaluated and extensive testing of the design will be completed. An independent analysis will confirm that the vessel design will meet all operational requirements in the areas of seakeeping, icebreaking, weight lifting, main propulsion and other critical equipment before the option vessels are awarded.

Benefits: The nation's maritime Aids to Navigation infrastructure will continue to be efficiently and effectively maintained at significant savings to the government. New cutters will be safer and more reliable, as well as less costly and easier to maintain. Benefits from the increased speed, automated positioning system and improved seakeeping will enhance the WLMs ability to respond to other Coast Guard missions such as Marine Environmental Protection and Search and Rescue.

Project Accomplishments:

a. July 1988 -Acquisition Paper approved as combined WLB/WLM project.
b. October 1990 -WLM replacement established as separate project.
c. April 1992 -Full Scale Development approved.
d. July 1992 -Request for Proposal (RFP) issued for design and construction of a lead ship with options for up to 13 additional vessels.
e. June 1993 -Awarded contract for design and construction of lead ship to Marinette Marine Corporation, Marinette, WI.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT 133' WLM CREW SIZE......	---	1	23	---	24
CURRENT 157' WLM CREW SIZE	3	2	28	---	33
PLANNED WLM REPLACEMENT FLEET CREW SIZE	---	1	23	---	24

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE COASTAL BUOY TENDER (WLM) REPLACEMENT (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $56,000,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
WLB/WLM Replacement Project (Feasibility Studies Concept Design)	1989[1]	3,200
WLM Replacement Project (Solicitation Development)	1991	550
WLM Replacement Project (Solicitation Development)	1992	3,000
WLM Replacement Project (Detail Design & Construction Contract)	1993	18,500
WLM Replacement Project (Project Planning and Administration)	1994	1,350

SUMMARY ($000)

AMOUNT OF THIS REQUEST	56,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	219,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Contract Option for Additional Vessels	OV	3	52,700
2. Integrated Logistics Support	OV	3	2,000
3. Test and Evaluation	LS	1	500
4. Project Resident Office Administration	EA	1	300
5. Project Administration/Support Services	EA	1	500
	Total		$56,000

NOTES:

1. FY89 appropriation jointly funded the WLB and WLM replacements.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE BUOY BOAT REPLACEMENT PROJECT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $18,500,000

Reason for Request: To fund phase I (13 vessels) of the production contract to replace the existing fleet of Buoy Boats (BUs and BUSLs) used by aids to navigation teams to service small buoys and fixed aids.

Description of Problem or Need: The buoy boats now in service were constructed between 1954 and 1962. They have passed the end of their service life and require excessive maintenance. Several of the original 36 boats have already been removed from service due to excessive wear. Habitability is below service standards, which reduces personnel performance. The bow loading boats were built before existing sanitary requirements and do not have adequate toilet facilities nor room for proper retrofit. In the near future, these boats will not be able to provide the level of aids to navigation maintenance required in the Coast Guard Short Range Aids to Navigation (SRA) mission. Timely response to SRA outages will be lost, degrading Aids to Navigation (ATON) service to the maritime public.

Description of Solution: Continue to build new stern loading buoy boats to replace buoy boats currently in service. A contract design was completed in FY92 and a construction contract was awarded in FY93 for the two lead boats. These boats are designed using current technology and systems which will reduce vessel maintenance and provide improvements in capabilities (speed, seakeeping, habitability, etc.).

Benefits: Replacement of the obsolete boats with current systems and better capabilities will reduce maintenance costs and increase reliability. Speeds will increase from 7-9 knots on the existing boats to 11 knots on the new boat, reducing discrepancy response time. Vessel maintenance will be reduced by replacing old unsupportable systems with modern equipment. Aids to Navigation Teams will be more capable of meeting Aids to Navigation maintenance requirements, providing more reliable service to the mariner.

Project Accomplishments:
a. Sep 1991 – Concept Exploration Approved by DOT.
b. Dec 1991 – Completed Small Business Administration 8(a) program market survey for potential sources.
c. Apr 1992 – Full Scale Development Approved.
d. Oct 1992 – SBA 8(a) Contract Awarded to MCI of Bellingham, WA for 2 preproduction boats.
e. Oct 1992 – Established Project Resident Office (PRO) in Bellingham, WA.
f. Jan 1994 – Keel laid on lead vessel

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Buoy Boat Replacement Project (Design Boat)	1991	1,000
Buoy Boat Replacement (Initial Construction)	1992	3,900
Buoy Boat Replacement (Test & Evaluation and Administration)	1993	500
Buoy Boat Replacement (Test & Evaluation and Administration)	1994	750

SUMMARY ($000)

AMOUNT OF THIS REQUEST	18,500
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	34,100
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	-----

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE BUOY BOAT REPLACEMENT PROJECT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $18,500,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Award Construction Contract	EA	13	17,200
2. Integrated Logistics Support..	LS	13	1,000
3. Project Resident Office Administration............................	LS	1	50
4. Project Administration/Support Services.........................	LS	1	250
	TOTAL		18,500

94

DEPT OF TRANSP., USCG, CGHQ-4265 (REV. 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE 47-FOOT MOTOR LIFEBOAT (MLB) REPLACEMENT PROJECT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $31,000,000

Reason for Request: To fund the multi-year program started in FY 1988 to replace the Coast Guard's aging fleet of 105 44-foot MLBs. Funding will provide for the first 20 production vessels.

Description of Problem or Need: The present resource, the 44-foot MLB, has been in use since 1962. The boat shows signs of material deterioration expected of a vessel nearing the end of its service life, and is also becoming logistically unsupportable. A replacement craft with similar operational capabilities but with increased speed, improved crew habitability, and better ride characteristics is needed to provide a continued heavy weather and surf Search and Rescue (SAR) capabilities.

Description of Solution: A contract was awarded in November 1988 for the design and construction of a prototype motor lifeboat replacement. Following a successful prototype evaluation, the Coast Guard executed a contract option in November 1991 for the construction of 5 pre-production boats, incorporating modifications recommended during the prototype evaluation. The 5 pre-production boats are being evaluated under operating conditions at MLB stations in the Northwest, Northeast, and Middle Atlantic coastal areas. Design changes recommended during the pre-production evaluation will be incorporated into the full production replacement specification. A solicitation for the full production contract is planned for issue in FY 1995. The contract will provide for options for up to 100 vessels.

Benefits: The replacement boats will maintain the Coast Guard's capability to perform in-shore SAR in heavy weather and breaking surf conditions. Replacement boats will incorporate improvements to minimize crew fatigue and improve at-sea boarding for SAR and enforcement of laws and treaties applications, as well as increased speed for more effective SAR response. The replacement MLB will also reduce maintenance requirements and improve logistics support by providing a modern resource with an established central supply system.

Project Accomplishments:

a. Nov 1988 -Awarded contract to Textron Marine Systems, Inc. of New Orleans, for prototype vessel.
b. Sep 1990 -Prototype delivered to Coast Guard.
c. Oct 1991 -Completed Developmental Test and Evaluation.
d. Nov 1991 -Exercised option for 5 pre-production vessels for operational test and evaluation.
e. Jan 1994 -Accepted 5 pre-production vessels

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NO CHANGE				
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Prototype Design and Construction	1988	1,500
Project Support	1989	500
Prototype Testing, Design Modifications, Pre-production Construction	1990	*5,783
Boat Testing, Design Modification, Project Admin	1991	1,000
Boat Testing, Design Modification/Construction, Logistics, Project Admin	1992	1,250
Boat Testing, Design Modification, Logistics, Project Admin	1993	2,400

SUMMARY ($000)

AMOUNT OF THIS REQUEST	31,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	111,200
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	----

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE **47-FT MOTOR LIFEBOAT (MLB) REPLACEMENT PROJECT (CONT'D)**	NEAREST CITY & CONGRESSIONAL DISTRICT **VARIOUS**	AMOUNT REQUESTED **$31,000,000**

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Project Administration	LS		135
2. Boat Construction/Contract	EA	20	28,909
3. Supply Support	LS		1,860
4. Government Furnished Equipment	LS		96
		TOTAL	31,000

NOTE: *Reflects 0.3% Byrd Amendment (P.L. 101-164) reduction.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE POLAR ICEBREAKER REPLACEMENT FOLLOW-ON		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $ 10,400,000

Reason for Request: To continue required Coast Guard support for the Navy funded acquisition of the Polar Icebreaker Replacement (PIR) . This request funds administrative and technical support, continued operation of the Program Manager Representative's Office (PMRO), the acquisition of selected Inventory Control Point (ICP) spares, and initial preparation of training materials.

Description of Problem or Need: The U. S. Navy exercised the option for detail design and construction of the replacement Coast Guard Polar Icebreaker with Avondale Industries, Inc. of New Orleans, LA on July 15, 1993. The funding account used to procure the vessel is the Ship Building and Conversion, Navy (SCN) account. SCN is restricted by law and Navy policy to procurement of the vessel only. SCN cannot be used to procure long lead time spare parts, vessel training or administrative costs normally funded by the Coast Guard Acquisition, Construction and Improvements account.

Description of Solution: Continue to provide funds during the period of the detail design and construction of the polar icebreaker for those costs not covered by SCN. This request will provide funding for continued project support, PMRO administration, the incremental acquisition of ICP spare parts, and the preparation of training materials.

Benefits: The Coast Guard will be capable of fully supporting the new Polar Icebreaker when it is delivered. Training and logistic support infrastructure will be fully operational. National polar science and transportation capabilities improve significantly. Coast Guard funding for spare parts is required now, so that CG can order spares at the same time contractors are building the equipment for the actual construction of the ship. This will avoid the high cost incurred when a manufacturer has to "retool" later to build spare parts. Training resources will be available when the commissioning crew enters pipeline training in FY96.

Project Accomplishments:
a. 1984: Mission Needs Statement and Sponsors Requirements Document completed.
b. 1990: Memorandum of Agreement signed w/Navy Formalized project as Joint CG/Navy program.
c. 1990: Request for Proposal Issued.
d. 1992: Proposals exceeded available funding, updated Sponsors Requirements issued contracts
  for Engineering Design Baselines issued.
e. July FY93: Awarded design & construction contract.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

TOTAL	OFF	WRNT	ENL	CIV	
CURRENT	12	3	138		153
PLANNED	12	0	60		72

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Polar Icebreaker Acq	1988	2,000
Polar Icebreaker Acq	1989	1,000
Polar Icebreaker Acq	1990	500
Polar icebreaker Acq	1992	8,500
Polar Icebreaker Acq	1994	3,700

NOTES:
1. $1,250,000 reprogrammed to Polar Class Reliability Improvement program in FY93 Congressional Appropriation.
2. Appropriation history does not include $338,921,000 provided in the DoD SCN account for Acquisition of the Icebreaker.

FISCAL YEAR	
1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
POLAR ICEBREAKER FOLLOW-ON	VARIOUS	$10,400,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	10,400
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	13,050
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY....................	----------

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO	MEASURE	QTY	ESTIMATED COST ($000)
1. Project Staff Support and PMRO administration	LS	---	300
2. Inventory Control Point spares	LS	---	4,600
3. Initial Training Materials	LS	---	2,500
4. Technical Support Services	LS	---	3,000
	TOTAL		$10,400

DEPT. OF TRANSP., USCG, CGHQ-4285 (REV. 6-80)
(FF 0-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
378-FOOT SHIPBOARD COMMAND AND CONTROL SYSTEM (SCCS)	VARIOUS	$6,000,000

Reason for Request: To fund the completion of the Shipboard Command and Control System (SCCS) project. SCCS will be installed on four of the twelve 378-foot High Endurance Cutters (WHEC's) by the end of FY 1994. This request funds installations on the remaining eight WHEC's.

Description of Problem or Need: The WHEC Command, Control and Communications (C3) systems use 20-50 year old technology. Information processing and exchange with other units is personnel intensive and too slow for the fast paced operational environment in which these ships work. During multi-unit operations, such as Alien Migration Interdiction Operations (AMIO), time critical information cannot be received, processed, and displayed quickly enough to respond to intelligence reports, and sightings by aircraft and other cutters. The On Scene Commanders do not have up-to-date pictures of the status and locations of ships and aircraft operating under their direction. Thus they are not always able to respond to sightings with the closest available unit. This leads to duplication of effort and missed opportunities. Lessons learned during AMIO highlight the efficiencies to be gained through coordinated, multi-unit efforts for Fisheries and Drug Law Enforcement, Search and Rescue, and other missions.

Description of Solution: SCCS is made up of five components: 1) A Navy standard tactical computer with software which combines chart graphics with real-time navigation and radar sensor information; 2) A Navy standard near real-time, two way satellite data link, which can pass classified text and graphics; 3) A real-time, data link which connects and correlates radar information collected by multiple ships and aircraft; 4) A Navy standard radar repeater and switching mechanism; and, 5) A Coast Guard specific display system for this information.

SCCS combines own ship and other ship/shore/air inputs received via two way communications links to provide a complete, accurate, up-to-date tactical picture.Information is integrated on a Local Area Network and automatically presented on the large screen displays. Automation provides more efficient use of the ship's sensors and integrates information processing. This concept has proved invaluable in actual multi-unit operations, where SCCS has served as a force multiplier, allowing the Coast Guard to meet otherwise unattainable mission requirements.

Benefits: SCCS greatly enhances an afloat commander's ability to make critical operational decisions. Currently, it can take hours to receive, plot, correlate, and analyze information, which SCCS can provide in an easy to understand tactical display in minutes. Information can be displayed in a variety of forms, most commonly on a computer generated nautical chart presented on a large screen display. This same information can be transmitted to other commands engaged in multi-unit operations. This system also provides important DOD interoperablility to the Coast Guard's High Endurance Cutters.

Project Accomplishments:

FY89: $1.5M reprogrammed to the SCCS project. Proof of Concept was installed and tested successfully aboard CGC HAMILTON.
FY92: Design completed. Partial prototype installed aboard CGC DALLAS and operated successfully in support of Operation Able Manner.
FY93: $1.1M reprogrammed to the SCCS project to complete installation on CGC DALLAS.
FY94: $2.5M appropriated for SCCS to complete installations aboard cutters GALLATIN, MELLON and JARVIS.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NO CHANGE				
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
Shipboard Command and Control System -Phase I	1989	1,500
Shipboard Command and Control System -Phase III*	1994	2,500

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE 378–FOOT SHIPBOARD COMMAND AND CONTROL SYSTEM (SCCS)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $6,000,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	6,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT......	0

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Funding for systems on eight 378–foot WHECs.....	LS	---	6,000

*NOTE: Phase II ($1.1M) was completed in FY93 with reprogrammed funds.

100

DEPT. OF TRANSP., USCG, CGHQ–4265 (REV. 6–90)
(PF G–CPA)

FISCAL YEAR		
1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE 82-FOOT WPB CAPABILITY REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $10,000,000

Reason for Request: To fund construction of the lead ship for the fleet of coastal patrol boats to replace the 82-foot Point Class patrol boat capability.

Description of Problem or Need: Originally designed and constructed for a 20-year service life, all 82-foot Point Class patrol boats will exceed 30 years of service in the mid to late 1990's. New engines have been installed to reduce excessive maintenance. However, based on the structural and mechanical system failures experienced in similar craft, and hull and mechanical evaluations performed on the 82' fleet, 30 years is an optimistic expectation for useful safe vessel life expectancy. In recent years, the Coast Guard has systematically eliminated those 82' patrol boats in the worst physical condition. In the late 1980's, the eleven worst 82' patrol boats were decommissioned and replaced by 110' patrol boats. Since then, two additional 82's were decommisioned, without replacement, due to poor mechanical condition and high cost of repair. Vessel evaluations indicate maintenance of the 82' fleet will not be economically feasible past the turn of the century. In addition, mission analysis indicates that in light of shifting mission requirements, the 82' patrol boat can no longer fulfill the demands of the law enforcement missions assigned.

Description of Solution: Replace the current 82' patrol boat with more a capable, cost effective craft. This request will fund design, construction and technical documentation for the lead ship. Following performance evaluations of the lead ship and the vendor, the Coast Guard anticipates procuring 30 additional coastal patrol boats to replace the 41 existing 82-foot patrol boats. Total vessel requirements will be determined prior to commencing full production in FY97. A "Non Developmental - Parent Craft" contracting strategy will be used to acquire the replacement vessel. Only existing off-the-shelf designs with operationally proven capabilities will be considered. There are numerous alternative vessels on the commercial market, and the Coast Guard expects substantial competition among vendors. The parent craft strategy was selected to eliminate extensive design and developmental testing, thus accelerating vessel production.

Benefits: Maritime Law Enforcement and Search and Rescue requirements in the operational niche of 50 to 100 miles offshore will be accomplished with a more capable, more economical patrol resource than the existing 82-foot Point Class patrol boats. Fewer vessels will reduce operation and maintenance funding and the number of personnel required to perform the same level of service to the public.

Project Accomplishments:
Jul 92: OST/TSARC Cancelled Heritage program, approved 82-foot Patrol Boat Capability Replacement project.
Dec 93: OST/TSARC approved Key Decision Point 2/3, Full Scale Development for lead ship construction.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	41	---	369	---	410
PLANNED	31	---	279	---	310*

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Patrol Boat Replacement - Coastal Patrol Boat	1992	1,000
Patrol Boat Replacement - Coastal Patrol Boat	1993	900

SUMMARY ($000)

AMOUNT OF THIS REQUEST	10,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	180,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	-----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Construct Coastal Patrol Boat lead ship	EA	1	$10,000

*Based on projected fleet size of 31 vessels.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE NORWEGIAN CREW SEARCH AND RESCUE BOAT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

Reason for Request: To fund the design and construction of proof-of-concept live-aboard standard boats to replace Coast Guard multi-mission small boat units in selected locations.

Description of Problem or Need: The Coast Guard operates 182 multi-mission small boat units whose primary missions are Search and Rescue, Recreational Boating Safety, Enforcement of Laws and Treaties, and Marine Environmental Response. Some of these facilities are located in areas which require a Coast Guard presence, but where relatively lower workload and other operational circumstances make it less cost effective to invest capital funds in shore facilities and to expend annual operating funds for personnel and shore infrastructure maintenance.

Description of Solution: The Coast Guard has completed a 17 month evaluation of the Norwegian Crewing (NORCREW) concept as a potential means for replacing low workload stations in selected areas. The concept was derived from practices that originated in European fishing villages where volunteers took turns living aboard the "ready boat" rather than at a community building. For Coast Guard application, the NORCREW concept would replace small boat units and their shore facilities with a boat which has limited sleeping and eating accomodations for the crew on duty. A potential crewing scheme would have crewmembers on duty for two 24 hour days, followed by two days off. A NORCREW boat would moor at a local marina with most maintenance done by local contractors. Specific small boat units to be transitioned to the NORCREW concept pends ongoing evaluation. The two boats requested will allow proof-of-concept testing and evaluation in varying operational conditions.

Benefits: Preliminary review indicates that even in limited application, implementation of the NORCREW concept would result in cost savings from reduced shore infrastructure capital costs, reduced annual operating costs, and reduced personnel costs.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	*				
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
NONE		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	11,350
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Design	LS	---	100
2. Development of Integrated Logistic System support	LS	---	100
3. Outfitting	LS	---	200
4. Purchase NORCREW vessel	EA	2	1,400
5. Close stations/move support facilities/dispose of property/transfer personnel	EA	2	200
	TOTAL		2,000

*Varies by location dependent on specific units converted.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SELF PROPELLED BARGE PROCUREMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,500,000

Reason for Request: To procure self propelled barges to replace 45-foot buoy boats (BUs) currently servicing aids to navigation (ATON) on rivers in Alabama, Florida, and Georgia.

Description of Problem or Need: The self propelled barges are needed to replace five 45' BUs now servicing ATON on rivers in the Eighth District. The 45' BU class, built in 1954, is being replaced due to poor material condition and numerous deficiencies. The current BU has a single crew compartment which is used for berthing, galley and head for a crew of four. Sanitary conditions are unsatisfactory. The river environment serviced by the 5 BU's poses unique operational demands. Strong currents, fluctuating water levels, and water-borne debris cause frequent loss, movement or damage of buoys. The long stretches of remote rivers required that crews spend up to ten days on the river, and haul many buoys and sinkers for a single trip. Buoys are often stranded along the river banks by falling water, and must be retrieved by beaching the buoy boat. In addition to buoy servicing, the mission in this area requires landing work crews to clear brush and to repair/replace markers which are generally fixed to trees on river banks. The stern loading configuration of the existing boats limit effective operations in these conditions.

The current BU is limited to 20,000 pounds of cargo in a closed well.As a result, buoys are often trucked to unimproved river bank sites and loaded over the bow of the boat. The Coast Guard is acquiring a 49' stern loading buoy boat (BUSL) to replace the 45' BU as a class. However, the BUSL is poorly suited to the mission in the rivers in question. Although providing better accomodations than the BU, it is designed for only four days endurance. Cargo is limited to 16,000 pounds, and because it loads cargo over the stern, it cannot be resupplied easily or deploy work crews along the river bank. The relatively deep draft of the BUSL limits its ability to work in shallow waters.

Use of the 49' BUSL would require that boats be acquired and outfitted with a barge to work along the bank.It would not have adequate accomodations. Alternatives such as constructing new bow loading buoy boats or renovating existing BU's are not cost effective.

Description of Solution: Procure self-propelled barges equipped with adequate accommodations, a large deck, buoy crane and legs (spuds) that can be lowered into the river bottom to hold the barge in one position. The barge hull form is inexpensive, and has large cargo capacity for a given length and draft. The barge concept has proven effective in larger sizes in the Western rivers.When scaled down, self propulsion is the most effective solution, as no push tug is needed. There is minimal design risk and construction and operating costs will be low because suitable platforms are commercially available. Several barges have been identified which can meet performance requirements.

Benefits: (1) More efficient servicing of existing aids. Increased cargo capacity will reduce the need to resupply and reduce the number of trips required. Spuds will allow safer landing of crews for brush clearance. Logistics efficiencies are expected to reduce operating hours required by about 25%. (2) The proposed barge will meet minimum acceptable habitability standards, provide a separate galley, head, and berthing compartments.Water capacity and storage space will enable crews to live aboard for extended deployments. (3) Use of existing commercial designs will reduce costs. Use of the standard BUSL would require a barge, would not meet mission requirements, and would cost substantially more. The BUSL alone, designed for the general marine environment, costs more than the projected self propelled barge. Adding a barge to push ahead would only add to that difference.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE SELF PROPELLED BARGE PROCUREMENT (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,500,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
NONE		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,500
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO		MEASURE	QTY	ESTIMATED COST ($000)
1.	Procure three self-propelled barges	EA	3	2,500

DEPT. OF TRANSP., USCG, CGHQ–4285 (REV. 6–90)
(PF G–CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MAJOR MAINTENANCE AVAILABILITY (MMA)	VARIOUS	$25,000,000

Reason for Request: To continue the 210-foot Medium Endurance Cutter (WMEC) Major Maintenance Availability (MMA) program.

Description of Problem or Need: Sixteen 210-foot WMEC's including 5 "A" class and 11" "B" class cutters were built from 1963 to 1968. Reliability and habitability have declined over the years, and maintenance costs on original equipment are excessive. Main propulsion machinery and auxiliary equipment are nonstandard, creating logistics and training problems. Three of the sixteen cutters are homeported on the West Coast and the remainder are on East and Gulf Coasts.

Description of Solution: This multi-year project involves performing a major maintenance availability to provide increased reliability and improved logistics support. Fuel and water capacities are increased , and damage control and sea keeping capabilities are improved. The five "A" Class cutters were also reengined. Electrical and auxiliary systems are being improved and standardized, the electronics suite is upgraded, and berthing areas modernized.

Benefits: This program will ensure this class cutter will remain mission capable and supportable into the 21st century. As a result of the MMA, reliability will improve and higher maintenance costs will be avoided. Improvements in onboard equipment and stability will enhance mission performance and safety.

Project Accomplishments: The first phase of this project was funded in FY82 and provided for the initial ordering of Long Lead Time Material (LLTM) for the overall project. The second phase occurred between FY83-90 and provided for production work and material for the first five A-Class cutters at the CG YARD and two B-Class cutters at a commercial yard. The FY90 funding request was changed due to the transition of remaining B-Class cutters from the commercial shipyard to the CG YARD. The current and final phase of this project began in FY91 and provides funding for the production work and material to complete the remainder of the B-Class cutters at the CG YARD. At the end of FY93, a total of 9 cutters were completed; at the end of FY94, 2 additional cutters will be completed; at the end of FY95, another 2 cutters will be completed. The last 3 cutters will be completed in FY96-97.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	7	1	63	--	71*
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Various LLTM; Production costs for A-1 thru A-5, B-1 thru B-3	1982-91	210,620
Various LLTM; Production costs for B-3 thru B-5	1992	38,500
Various LLTM; Production costs for B-6 and B-7	1993	41,000
Various LLTM; Production costs for B-5 thru B-9	1994	43,200

SUMMARY ($000)

AMOUNT OF THIS REQUEST	25,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	14,500
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1 Production costs: B-9, B-10 and B-11 "Labor and Overhead"	LS		21,000
2. LLTM and supply/support services "Production material, electronics repair/replacement, development of spare parts lists, security/caretaker crew costs"	LS	---	4,000
	TOTAL		25,000

NOTE: *Personnel Allowance for each 210-foot WMEC.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE POLAR CLASS ICEBREAKER RELIABILITY IMPROVEMENT PROJECT (RIP)	NEAREST CITY & CONGRESSIONAL DISTRICT SEATTLE, WA - 1ST	AMOUNT REQUESTED $11,600,000

Reason for Request: To continue a multi-year project to restore the operational reliability of the two Polar Class icebreakers; POLAR SEA and POLAR STAR. The project will halt escalating maintenance and reliability problems and insure that the icebreakers remain serviceable and operational into the 21st century. These improvements are critical as there are only two polar icebreakers currently in service to support national interests in the polar regions.

Description of Problem or Need: A number of shipboard systems are suffering from original design deficiencies or are reaching the end of their system service lives. They require extensive maintenance, and the cost to support them is escalating. If not addressed in the RIP program, these problems will render the Polar Class icebreakers operationally unreliable by the late 1990's. Given that these ships are the nation's only two polar icebreakers, CG's ability to reliably operate these ships -usually independently- in the polar regions is critical to national interests. Unreliable ships jeopardize the accomplishment of defense missions and missions that support scientific interests and protect U.S. economic interests in the polar regions. Icebreaker casualties in the ice can pose a significant risk to the vessel and crew and result in very expensive crisis repairs.

Description of Solution: Implement corrective actions recommended by a 1986 Machinery Evaluation Board. Design work is being accomplished with existing project funds. Due to the extremely rigid operational schedule associated with operating such a small fleet, actual work will be accomplished through a phased program during planned maintenance periods. Work will be done on engines, hydraulic systems, generators, pumps, heating, ventilation, air and cooling systems and the ships' hull.

Benefits: This phased repair and improvement project avoids the need for a lengthy and expensive mid-life (15-20 year mark) renovation project. Mission requirements will be met. Safety, habitability, and reliability will be improved for CG crews and user groups.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	9	5	126	--	140
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Polar Class Icebreaker RIP	1990	1,296
Polar Class Icebreaker RIP	1991	2,700
Polar Class Icebreaker RIP	1992	2,000
Polar Class Icebreaker RIP	1993	11,750

SUMMARY ($000)

AMOUNT OF THIS REQUEST	11,600
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	32,700
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
A. Provisioning, technical data, government furnished equipment and contract spare parts:			
1. Improve Distilling Plant	LS	---	400
2. Lube Oil Purifiers Renewal	LS	---	620
3. Oily Water Separator Renewal	LS	---	510
4. Helicopter Hangar Door Modifications	LS	---	355
5. Compressed Air System Modifications	LS	---	475
6. Sewage System Renewal	LS	---	810
7. Ship's Service Boiler Modifications	LS	---	368

*Note: The FY94 Appropriations Act reprogrammed $4.7 million in unobligated funds to the Seagoing Buoy Tender Replacement Project.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE **POLAR CLASS ICEBREAKER RELIABILITY IMPROVEMENT PROJECT (RIP) CONT'D**	NEAREST CITY & CONGRESSIONAL DISTRICT **SEATTLE, WA - 1ST**	AMOUNT REQUESTED **$11,600,000**

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR (CONT'D)

8. Procure Gas Turbine Spares	LS	---	551
9. Upgrade Controllable Propeller Pitch System	LS	---	525
10. Central Hydraulic Systems	LS	---	2,063
11. Structural Modifications	LS	---	1,000
12. Bilge System Modifications	LS	---	268
13. Fuel Oil Purifiers Renewal	LS	---	155
14. Project Administrative Costs	LS	---	200
B. Installation:			
1. items 1-4 for CGC POLAR SEA	LS	-----	3,300
	TOTAL		11,600

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
STALWART CLASS CONVERSION	VARIOUS	$6,000,000

Reason for Request: To fund modifications required to convert two Navy STALWART class ocean surveillance ships (T-AGOS) for Coast Guard use as Medium Endurance Cutters.

Description of Problem or Need: The Coast Guard Medium Endurance Cutters ESCAPE and CITRUS are both over 50 years old and have long passed their intended service lives. Hull, machinery, and electrical systems are in need of major repair. They are people intensive to operate, place an increasing burden on scarce maintenance funds, are more difficult to support than most modem ships, will not accommodate mixed gender crews, and have significantly substandard habitability conditions. The Coast Guard would require $28M in capital improvements for continued operation of these ships for the next ten to fifteen years. It is no longer cost effective to operate these ships.

However, there is a continuing demand for medium endurance cutter resources to carry out the primary Coast Guard law enforcement missions of migrant interdiction, and fisheries and drug law enforcement. The Coast Guard's significant commitment of cutter resources to Illegal Migrant Interdiction Operations will continue for the foreseeable future. Caribbean basin Alien Migrant Interdiction Operations is a long term mission for the Coast Guard. A Cuban mass migration remains a potential emergency. In addition, the Coast Guard is hard pressed to meet its drug law enforcement mission goals due to the resources devoted to Operation Able Manner and the drawdown of DOD resources in the deep Caribbean and the rest of the transit zone. Finally, the Coast Guard cannot meet goals for fisheries patrols in the Northwest Atlantic and Gulf of Mexico.

Description of Solution: The Coast Guard has arranged the transfer of two STALWART class ocean surveillance ships from the Navy, at no acquisition cost to the Coast Guard. The 224-foot STALWART class ships are less than 12 years old and have been operated by the Military Sealift Command to tow passive sonar arrays for Anti-Submarine Warfare (ASW) operations. Due to the reduced global ASW threat, the Navy no longer requires these ships. A 1993 operational test and evaluation of a STALWART class ship demonstrated that it was well suited for Alien Migrant Interdiction Operations and the fisheries law enforcement mission in the Coast Guard's Atlantic Area.

Benefits: The STALWART class ships have modern engineering plants and living conditions, can accommodate mixed gender crews, and can be operated by fewer people than ESCAPE and CITRUS. This initiative supports National Performance Review objectives. The Coast Guard will retain required law enforcement patrol capability, while avoiding capital costs of $28M which would be required over the next three to five years to continue operating CITRUS and ESCAPE. In addition, this initiative will result in savings of $1.2M in operating costs per year.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING (NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	17	3	133	0	153
PLANNED	14	2	95	0	111

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
None		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	6,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	----
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. CG modifications to T-AGOS vessels	EA	2	$6,000

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DEPT OF TRANSP., USCG, CGHQ-4265 (REV 6-90)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE TRAFFIC ALERT AND COLLISION AVOIDANCE SYSTEM (TCAS) - PHASE III	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $7,000,000

Reason for Request: To continue a multi-year project to acquire and install a Traffic Alert and Collision Avoidance System (TCAS) on all Coast Guard aircraft.

Description of Problem or Need: Coast Guard aircraft have filed over 100 (14 in CY93) near miss/midair reports with the FAA in the past seven years and have had three actual midair-collisions with four fatalities since 1971. The most recent midair occurred on 22 December 1990 when an Air Station Miami HU-25 and a Cessna Skymaster charter aircraft collided off south Florida.

Description of Solution: Provide an in-cockpit traffic advisory and collision avoidance system by procuring and installing FAA approved TCAS on all Coast Guard aircraft. If the Miami HU-25 had an operable TCAS aboard, it would have provided a cockpit traffic advisory and resolution advisory which likely would have prevented the most recent mishap. TCAS is an avionics safety system congresssionally mandated (Public Law 100-223) for commercial airliners. The system was developed, tested, and certified by the FAA to reduce the risk of midair collisions between aircraft equipped with transponders. This request continues fixed- wing TCAS installations and provides engineering, integration, and partial funding for rotary- wing installations.

Benefits: Installed TCAS will significantly enhance flight safety for all Coast Guard aircraft. The FAA estimates that when TCAS is installed on commercial airlines it reduces the risk of midair accidents by a factor of 50. In addition, TCAS will significantly reduce the risk of Coast Guard aircraft near misses and midair incidents. TCAS will provide enhanced accident prevention capability, avoiding future accidents, loss of lives, and loss of air frames due to midair collisions.

Project Accomplishments: Mission Need Statement approved December 1991. Acquisition Plan approved January 1993. Installation contract for fixed wing aircraft awarded January 1994. FY93/94 funds were used to perform all C-130 and HU-25 non-recurring engineering, conduct 3 HU-25 A/B/C and 3 C-130 1500/1600/1700 prototype installations, and are planned to complete 9 HU-25 and 6 C-130 production installations in FY94. FY95 funds will complete HU-25 and C-130 production installations, procure fixed wing spares, and complete H-65 and H-60 non-recurring engineering.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
TCAS - Phase I	1993	4,000
TCAS - Phase II	1994	4,200

SUMMARY ($000)

AMOUNT OF THIS REQUEST	7,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	11,800
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	-----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Fleet Installation Labor	EA	65*	750
2. Fleet Installation Hardware	EA	65*	5,250
3. Fleet Spares (Hardware)	EA	12	1,000
	TOTAL		7,000

* 1: VC-4A
24: C-130s
20: HU-25s
10: HH-65s
10: HH-60s

DEPT. OF TRANSP., USCG, CGHQ-4265 (REV [illegible]
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE GLOBAL POSITIONING SYSTEM INSTALLATION-PHASE V		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,300,000

Reason for Request: To fund Phase V of a nine-phase procurement that will accomplish necessary aircraft hardware and software modifications, and install Navy-provided Global Positioning System (GPS) navigation equipment aboard all Coast Guard aircraft by the late 1990s.

Description of Problem or Need: OMEGA and LORAN-C are the primary long range navigation systems used by Coast Guard aircraft in support of all Coast Guard missions. However, all overseas U. S. LORAN stations will be closed in FY 1995, and the U. S. Radionavigation Plan projects termination of OMEGA and the domestic LORAN system after the turn of the century. GPS, which became fully operational in 1994 after several years of interim operations, is the replacement navigation system for both military and civil aviation. DOD has begun phasing out its requirements and support for all other common-use radionavigation systems in FY 1994. The Navy is already providing military GPS hardware for Coast Guard aircraft as part of the ongoing DOD change-over to GPS. The Coast Guard must continue phased procurement and installation of Navy-provided GPS equipment to ensure that Coast Guard aircraft retain the long-range navigation capability needed to perform Coast Guard missions. GPS will also allow common reference position when operating with DOD and avoid operational difficulties with joint USCG/DOD operations.

Description of Solution: Military GPS is a space-based global precision navigation system with a nominal accuracy of 16 meters and signal security protection against enemy jamming. This phased, multi-year project will make necessary hardware and software modifications, and install Navy-provided GPS aboard all USCG aircraft, except the HH-60J helicopters (GPS is being installed aboard HH-60J helicopters as part of the ongoing acquisition project). The Navy plans to fund airborne GPS equipment procurement and integration costs for CG aircraft and provide the Integrated Logistic Support Management to develop maintenance and training plans and identify a source for depot level maintenance.

Benefits: Improved precision global navigation capability (16 meters for military GPS compared to 4.0 nautical miles for OMEGA and .25 nautical mile for Loran-C) that complies with the 1988 joint DoD/DOT Federal Radionavigation Plan, and a common reference position when operating with DoD. Provides navigation capability for CG aircraft during maritime patrol and operations.

Project Accomplishments: Phase I (funded in FY90) procured installation kits and began installation of GPS aboard the first 12 of 96 HH-65s. Phase II provided development funds for modifications and installation in 4 HH-65 aircraft. Due to Operation Desert Storm in 1991, priorities on GPS equipment were diverted to the DoD forces and USCG did not receive the projected delivery of equipment. Phase III and IV provided hardware/software modifications and installation of GPS aboard 61 HH-65 aircraft. This request provides hardware/software modifications and installations of GPS on 25 aircraft, 10 additional HH-65's, 10 HU-25's, and 5 HC-130's.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Global Positioning System Phase I through III	1990-93	6,700
Global Positioning System Phase IV	1994	1,400

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,300
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	3,400
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	-----

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
GLOBAL POSITIONING SYSTEM INSTALLATION-PHASE V (CONT'D)	VARIOUS	$2,300,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. HH-65A Hardware/software Modifications	LS	---	130
2. HH-65A Installations	EA	10	120
3. HU-25 Hardware/software Modifications	LS	---	160
4. HU-25 Installations	EA	10	130
5. HC-130 Hardware/software Modifications	LS	---	1,360
6. HC-130 Installations	EA	5	110
7. Training	LS	---	80
8. TEMPEST Security Testing	LS	---	100
9 Simulator Upgrades	LS	---	110
	TOTAL		2,300

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DEPT. OF TRANSP., USCG, CGHQ-4265 (REV. 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE HU-25B AIREYE SYSTEM REPLACEMENT		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $1,600,000

Reason for Request: To continue the AIREYE Oil Pollution Surveillance system replacement project.This will continue development and production of a modernized, air and ground AIREYE system.The project will maintain Coast Guard capability for airborne monitoring of environmental disasters such as the Exxon Valdez, Mega Borg, American Trader, Tenyo Maru, Arabian Gulf and recent San Juan, Puerto Rico major oil spill incidents.

Description of Problem or Need: AIREYE is an aerial surveillance information gathering and recording system. Without modernization, the HU-25B Aireye multi-sensor aircraft will not be able to operate at the required mission level due to lack of replacement sensor spare parts and equipment and obsolescence of some existing recording, processing and control equipment. The current AIREYE system sensors consist of an APS-131 Side Looking Airborne Radar (SLAR) capable of scanning large areas and Infrared and Ultraviolet (IR/UV) line scanners that can cover a narrow swath below the aircraft. The SLAR accomplishes oil detection through the "calming" effect that oil has on surface waves. This area of calm water reflects less radar energy than normal surface waves or ripples and is detectable by the SLAR. The IR/UV component can then be used to confirm that the contact is actually oil and not a natural substance such as sea kelp. Only two AIREYE systems out of the original seven remain operable. Massive cannibalizing of existing AIREYE equipment has avoided system failure. Available logistical support for the entire AIREYE sensor data management system, and some parts of the core sensors, is nearly exhausted. The current imaging system requires a specialized thermal film that is no longer produced and will be phased out of the Army supply system in 1996. The ability to transmit AIREYE imagery quickly, thus allowing timely enforcement of MARPOL violations, cannot be met by the current AIREYE system given the need to land the aircraft and physically deliver the thermal film to the operational commander. Additionally, the assessment and direction of clean-up operations is hindered by the delay of this information. AIREYE systems are also used for mapping location of ice for use in icebreaking operations.

Description of Solution: A multi-year project will replace the outdated and obsolete AIREYE aircraft computer system, rebuild core sensor parts, and develop data links and ground stations. The project includes replacement of the current Side Looking Airborne Radar film reader/printer and video monitor with an upgraded image processor, display, and storage unit. Imagery and data link capability will be added. When this project is complete, a total of 4 HU-25B aircraft will be modified and 4 AIREYE systems replaced, including ground stations capable of real time receiving/transmitting and replaying all AIREYE imagery. The new sensor management system will be built from off-the-shelf, commercial computers. All hardware and software will be built with an open systems architecture. This will minimize development and production costs, and contain future maintenance or upgrade expenses.

Benefits: This project will ensure availability of AIREYE equipped aircraft, in a ready status 24 hours a day, for oil pollution and ice mapping operations, thus maintaining national and international response and patrol capabilities. The upgraded system will increase oil spill surveillance and short range ice patrol capabilities. The system will provide "real time" information to identify, map and project the trajectory of oil spills. This information is used to coordinate pollution clean up efforts thus reducing adverse environmental impacts and increasing clean up efficiency. The clean up cost avoidance potential is improved when comparing real time/onscene AIREYE data from a data link to the 3 to 6 hour old film data which is currently provided to spill clean up coordinators.

Project Accomplishments: Analysis of the existing system with its technical and logistical shortcomings is complete. A conceptual hardware and software design is complete. The resulting government specification has been prepared. An acquisition strategy has been set and approved. Award of the development and production contract is scheduled for FY94.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT........	NOT APPLICABLE				
PLANNED........	NOT APPLICABLE				

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE HU-25B AIREYE SYSTEM REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $1,600,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
HU-25B Aireye System Replacement..	1993	4,400

SUMMARY ($000)

AMOUNT OF THIS REQUEST...	1,600
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT..............	3,500
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY...............	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Aireye system upgrade...	EA	4	1,600

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE HH-65 HELICOPTER – MAIN TRANSMISSION GEARBOX UPGRADE – PHASE II		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

Reason for Request: To continue a phased upgrade of the HH-65 Main Transmission Gearbox (MGB). Ninety-five installed aircraft main gearboxes and fifty-six spare main gearboxes will be upgraded with new internal components.

Description of Problem or Need: The HH65A, like all helicopters, is restricted in the amount of weight that it can lift in a hover by the design limits of the airframe, engines, gearboxes and rotors.

In the HH65A, the limiting factor is the maximum power rating of the MGB, not the engines. The engines are capable of producing more power than the MGB can safely transmit to the rotor blades. Upgrading the capability of the MGB will allow more engine power to be transmitted to the rotor blades without exceeding the power or "torque" limit of the MGB. When this limit is exceeded, an "overtorque" occurs which can require the mission to be aborted. The aircraft must then undergo a maintenance inspection where, depending on the severity of the overtorque, the MGB may have to be replaced and returned to the repair depot for an overhaul.This results in maintenance downtime and reduced aircraft availability.

Various items added to the HH65A during its service life have added to its capabilities but have also increased the operational weight of the aircraft. These items include: secure communications, the "Talon" shipboard tiedown system, and the addition of a rescue swimmer to the crew. This added weight has required a reduction in the available fuel load to remain within the weight limitations and hover capabilities of the aircraft. The reduced fuel load has decreased the range of the aircraft to less than the original 150 Nautical Miles operational radius. Additionally, the added weight has caused the aircraft to be operated at or near its MGB limitations during hover and hoisting operations. This operation near the limits of the MGB has resulted in numerous overtorques and subsequent aborted missions. On hot days, or with an HH-65A that is heavy with fuel or crew, any incremental change in conditions such as a minor wind gust, sea conditions, or other environmental factor can demand an increase in power which can cause an MGB overtorque. Moreover, the ability to recover survivors or carry additional, mission specific crewmembers or equipment has been restricted by these weight and torque limits.

Pilot workload and stress is also increased during hover and hoisting operations due to the restrictive MGB limits. During hoisting, the pilot must carefully manage engine power and focus more on monitoring MGB torque than would otherwise be required. This degrades mission safety during the most demanding maneuvers a helicopter performs.

Description of Solution: Upgrade the HH65A main gearbox to increase the allowable torque limit. This upgrade will be accomplished by replacing some of the internal components of the MGB with stronger components. Specific components in each MGB include the ring gear, 5 planetary gears and the vertical shaft. The present MGB is referred to as an N-1 configuration. The replacement of the gears and shaft will upgrade the MGB to an N-2 configuration. These components are already in production and are in use worldwide on numerous civilian versions of the HH65A aircraft. The N-2 gearbox, with its stronger gears and shaft, can transmit more engine power; thus it is rated for a higher torque limit.

The first Coast Guard N-2 MGB has been installed on HH65A CGNR 6545 for testing and development of new performance charts. The performance charts, operating limitations and the revised Pilots' Flight Manual, allowing flight at higher weights, will be rewritten to allow those operations as aircraft receive the upgraded N-2 MGB.

The N-2 upgrade will be scheduled during the normal MGB overhaul cycle at the Coast Guard Aviation and Supply Center. This is done every 3000 operating hours, or when damaged gearboxes require special repair. The upgrades will be completed over a four-year time frame as MGBs are overhauled.

Benefits: SAR operational range will be restored to 150 Nautical Miles. The maximum allowable operational weight of the aircraft can be increased by 200 lbs. The HH65A will be able to carry a standard fuel load, and necessary operational equipment while retaining the ability to operate out to the 150 Nautical Miles range.The power available to hover will increase therefore increasing the power margin or reserve. Pilot workload and stress will be lowered during demanding hover and hoist operations. MGB overtorques will be reduced. Fewer missions will be aborted due to MGB overtorques. Aircraft availability will be increased due to fewer overtorque inspections and fewer MGBs replaced due to overtorques.

Project Accomplishments: Phase I funded long-lead components for the first 31 upgrades.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE HH-65 HELICOPTER – MAIN TRANSMISSION GEARBOX UPGRADE – PHASE II (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
HH-65 Main Transmission Gearbox Upgrade Phase I	1994	2,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	6,200
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. HH-65 N2 MGB components–Phase II	SETS	31	2,000

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE HU-25C MODIFICATION	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

Reason for Request: To restore full operational capability to the HU-25C by relocating the Forward Looking Infrared Radar (FLIR) sensor system and restoring the air-drop capability. Currently the primary HU-25C mission is air-intercept. This project will return full multi-mission capability to the HU-25C by restoring the capability to make airdrops while retaining the FLIR sensor systems. The FLIR sensor system provides day and night classification, identification, and documentation capability for Law Enforcement (maritime and air narcotics, domestic and foreign fisheries), Marine Environmental Protection (oil slick detection), Migrant interdiction and SAR missions. Mission performance will benefit by combining the superior APG-66 radar and FLIR of the HU-25C with capability to airdrop dewatering pumps, liferafts, and other equipment.

Description of Problem or Need: The HU-25C was primarily configured as an air-intercept platform and is not fully multi-mission capable. A FY1995 Operating Expense (OE) appropriation streamlining initiative transitions the HU-25 aircraft away from a single- mission drug law enforcement focus. See OE budget line item #1.G.5, for details. This AC&I project supports the transition. It ensures that the aircraft remaining after downsizing are the most capable multi-mission assets. When nine HU25As were modified to HU-25C models, the drop hatch was removed and the FLIR was installed in its place. This removed the airdrop capability, but enabled a simpler, faster conversion and allowed the HU-25C to be operational in the air-intercept mode sooner. The HU-25C aircraft are currently unable to drop rescue equipment (rafts and pumps) to stricken mariners or make logistics airdrops due to installation of the FLIR turret in the drop hatch opening. Conversely, due to the lack of a FLIR, HU-25A aircraft are unable to classify and identify targets at night.

The conversion from HU-25A to HU-25C also entailed replacement of the standard APN-127 radar, mounted in the nose of the aircraft, with an APG-66 radar, the same radar as in the F-16. The APG-66, while originally installed for air-intercept missions, is also an exceptional radar for surface search missions. The APG-66 radar is considered to be superior to the APN-127 for most Coast Guard missions.

Description of Solution: This project will modify the 9 HU-25C by relocating the FLIR sensor system from the current drophatch position to a new position, forward, on the belly of the aircraft. The SAR drophatch will then be reinstalled. The FLIR electronics will be relocated within the aircraft to retain their proximity to the FLIR turret. The FLIR system itself is not modified. Installing both the drophatch and the FLIR on the same aircraft will allow that aircraft to meet requirements for both (1) classification and identification of targets, and, (2) parachute drops of pumps and rafts. Because of its superior performance, the APG-66 radar will be retained. Remaining Coastal Defense Augmentation Account (CDAA) funds have been used to complete design work and start conversions. FY1995 funding will complete the project.

Benefits: The combination of the HU-25C FLIR sensor and APG-66 radar with a drophatch will restore full muti-mission capabilities to the HU-25C, which is the latest model HU-25 aircraft. These 9 HU-25C aircraft are in the best material condition of all Coast Guard HU-25 aircraft. The sensor system will meet program requirements in Law Enforcement and Marine Environmental Protection for day and night classification, identification, and documentation. The sensor package and drop hatch restoration will make the HU-25C an excellent SAR platform, especially for night missions. The APG-66 radar will ensure the Coast Guard retains an air-intercept capability. Reinstallation of the drop hatch will enhance flexibility in aircraft siting decisions as the modified HU-25C will be fully multi-mission capable.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
CDAA Funds	1986	3,000

DEPT. OF TRANSP. USCG. CGHQ-4265 (REV 6-90)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE HU-25C MODIFICATION (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.		MEASURE	QTY	ESTIMATED COST ($000)
1.	SAR drop hatch restoration	EA	5	2,000

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FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SYSTEMS TO AUTOMATE AND INTEGRATE LOGISTICS (SAIL)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $8,800,000

Reason for Request: This request funds the continuation of the Systems to Automate and Integrate Logistics project (SAIL). SAIL is the umbrella term used to describe 4 related projects: Configuration Management (CM), Supply Center Computer Replacement (SCCR), Defense Logistics Modemization (DLM) and the Integrated Vessel Supply, Maintenance and Accounting Information System. These four projects are linked in order to provide an integrated logistics management system for Coast Guard vessels.The FY95 request will be used for the CM and SCCR portions of the SAIL project.

Description of Problem or Need: The current vessel logistics system is a large, fragmented, manually intensive system that encompasses all aspects of acquisition, supply, accounting, inventory control and maintenance for over 230 Coast Guard ships. Vessel logistics includes maintenance, repair, modernization, and equipment replacement. [Vessel logistics costs total over $500 milllion annually, including the associated parts inventories, shoreside infrastructure and dedicated personnel costs.] Numerous non-integrated systems have been developed over time to provide supply, maintenance functions and accounting information. These fragmented systems prevent the Coast Guard from providing a centrally managed and coordinated supply and maintenance system that sustains all ships in a manner that ensures the most effective utilization throughout their service life.There is currently no architecture that links common supply and accounting functions used by Coast Guard ships and support units. The lack of cross-program cost accounting data, historical data on which to base maintenance and repair forecasts, and management decision tools severely constrain the Coast Guard's ability to project future inventory and maintenance requirements.

Specific deficiencies include the computer systems at Supply Centers Curtis Bay and Baltimore.These computers are technically obsolete, are not supported by the manufacturer, and have reached their peak capacity for both processing power and connection with remote sites. These computers require replacement regardless of the status of the other segments of SAIL.

The similarities between many of the Coast Guard and Department of Defense ship systems requires extensive interaction between our respective supply systems. DOD is currently restructuring their logistics system. The Defense Logistics Modernization (DLM) portion of SAIL ensures the Coast Guard will remain compatible with DOD. Failure to maintain compatibility will greatly increase the cost of CG operations.

Configuration Management will establish a standard equipment and spare parts inventory for each class of cutter that is essential for a centrally managed system.

Description of Solution: The goal of the SAIL initiative is to integrate several diverse projects and sytems into a common, cross-programmatic, logistics management system. The SCCR component of the project will provide an adequate computer platform to run the integrated data collection and decision support tools. The Coast Guard aviation community has laid much of the groundwork for system design and software development by producing the Aviation Maintenance Management and Information System (AMMIS). Lessons learned from AMMIS can be carried forward to serve as the baseline, or initial building block, for the next major portion of the SAIL effort:the Fleet Logistics System (FLS). FLS will focus on development of a single cutter maintenance, supply and accounting management information system. FLS will be fully integrated and compatible with the existing aviation system. Configuration Management and DLM will also be fully integrated into FLS. The system will be designed to make use of existing hardware, including CG standard workstations.

Benefits: SAIL will provide the automated data and decision support tools to more efficiently and cost effectively manage Coast Guard vessels. Proactive management based on historical use rates, maintenance trends and accurate configuration data will reduce operational costs by allowing managers to reduce parts stock at all levels of the organization. Accurate, timely data will provide the information required to validate maintenance philosophies including time between overhaul and replacement. The quality of contract specifications for repairs and maintenance will be improved with configuration management. This improvement will reduce costly commercial shipyard contract modifications and delays.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE SYSTEMS TO AUTOMATE AND INTEGRATE LOGISTICS (SAIL) (CONT'D)		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $8,800,000

Project Accomplishments:

FY93 – Completed Supply Center Information Systems Plan
- Completed Vessel Logistics Concept of Operations
- Complete CM pilot system on 140' WTGB (Icebreaking Tug)
- Completed DLM deployment of Federal Logistics System CD-ROM initiative

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING (NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NO CHANGE				
PLANNED					

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
SAIL	1992	1,800
SAIL	1993	6,200
SAIL	1994	2,800
CM PHASE I	1991	3,000
CM PHASE I/II	1992	5,700
CM PHASE IIi	1993	5,000
CM PHASE IV	1994	2,000
SCCR	1992	3,500
SCCR	1993	2,400
DLM	1993	5,300
DLM	1994	2,400

SUMMARY ($000)

AMOUNT OF THIS REQUEST	8,800
ESTIMATED FUTURE COST NEXT 4 YEARS FOR SAIL	74,100

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Configuration Management Software Production	LS	---	2,800
2. Supply Center Computer Software Development	LS	---	6,000
	TOTAL		8,800

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE RESOURCE INFORMATION SYSTEM (KRIS) FOR HEALTH SERVICES PROGRAM-PHASE III	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $3,000,000

Reason for Request: To fund the third and final phase of the development and installation of a fully integrated data collection and analysis system for the Coast Guard health services program.

Description of problem or need: Existing information systems do not meet the short and long term needs of the $250M/year Health Services Program. Inadequate hardware, dissimilar databases and limited end-user data access hampers the Coast Guard's ability to: track and monitor health care costs or utilization; implement standardized health care management programs; participate in DOD management initiatives; monitor medical readiness; and produce Measures of Effectiveness.

Description of solution: Integrate existing (commercial and government-owned) software and databases; modify and adapt as necessary federal open-systems compliance, cross-functionality and applicability to Coast Guard-unique health care delivery environments. Improve and integrate existing causal data for illness and injury prevention. Provide computer hardware and government commercial off-the-shelf software that will allow analysis of health care data.

Benefits: KRIS is a decision support and process management tool that provides access to data on health care utilization and resources, including financial information, facilities, personnel and beneficiary demographics. This information will enable managers to provide the least costly health care services and help control rising health care costs.

Project Accomplishments: Requirements analysis, analysis of alternatives and project management plan completed. Developmental hardware procured. Champus database acquired. Prototype 90% complete for non-federal invoice processing system. Prototype 25% complete for standardized health clinic management system.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT		NOT APPLICABLE			
PLANNED		NOT APPLICABLE			

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Management Information System (MIS) for Health Services	1993	1,300
Management Information System (MIS) for Health Services	1994	1,900

SUMMARY ($000)

AMOUNT OF THIS REQUEST	3,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	----
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Managed Care System, completion	LS	---	700
2. Complete non-federal invoice processing system	LS	---	600
3. Complete standardized health clinic management system	LS	---	600
4. Integrated safety system	LS	---	600
5. Integration of unit and medical databases	LS	---	250
6. Expert Treatment System, completion	LS	---	150
7. Policy Inquiry system, completion	LS	---	100
		TOTAL	3,000

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE VESSEL TRAFFIC SERVICE (VTS) 2000	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $32,000,000

Reason for Request: To continue development of a national Vessel Traffic Service (VTS) system in the ports of New Orleans, LA, Los Angeles/Long Beach, CA, Port Arthur, TX, Mobile, AL, and Corpus Christi, TX. Funding will also initiate preliminary site surveys in the ports of Houston/Galveston, TX and Seattle, WA.

Description of Problem or Need: The United States Maritime transportation system is an integral part of the nation's intermodal transportation network. Over two billion tons of cargo move into and out of U. S. ports each year, and almost half of that total is petroleum products. Active vessel traffic management is required in selected major ports and inland waterways of the national system. The August 1991 Port Needs Study analyzed selected nationwide ports based on the risk associated with a catastrophic pollution incident. This study provided a priority list of ports with the highest risk of environmental damage due to groundings or collisions. Based on a positive Benefit/Cost ratio, these will be the first ports to have a VTS 2000 system installed. A nationwide system is critical to ensure standard services are provided to the mariner in a wide variety of diverse port areas. System standardization also reduces total implementation cost, and reduces recurring costs due to similarities in equipment maintenance and personnel training.

Description of Solution: Continue development and implementation of a national VTS system in the highest risk ports. VTS services will include state-of-the-market multi-sensor surveillance of critical high traffic areas, decision support systems and a communications command and control network to reduce the risk of collisions and groundings. VTS will provide continuous, all-weather surveillance of ship maneuvers, safety and security zones, and harbor and ocean dredge disposal sites within the VTS area for compliance with international, national, and local requirements. Automation of current manual systems will reduce operator workload, thus improving service and enhancing safety in the port. Commonality of VTS systems Coast Guard-wide, provides substantial life cycle cost advantages from reduced maintenance and operator training costs. VTS 2000 will also incorporate maximum use of modular designs to prevent wholesale system obsolescence. Since the Coast Guard does not possess the personnel nor the technical expertise necessary to design and develop a national system, an independent system engineer was contracted in FY92 to provide technical and contracting assistance. A Vessel Traffic Service is an extremely complex, computerized, command and control system. The system engineer assists the CG in defining the system functional requirements for a standardized national system. They also develop the high level system architecture. "System architecture" is not the final technical design for the system, however, it does provide detailed criteria, functions, operating parameters, and applicable regulations and government restrictions imposed on the system. From this information, commercial vendors can develop detailed technical, management and cost proposals. Final design of the VTS system, as well as all construction and equipment installation, will be performed by a commercial vendor selected through full and open competition. Initial proposals from commercial vendors are expected late in FY94. Coast Guard intends to award the contract for design of the VTS system in FY95, and then execute task orders to build and install VTS 2000 systems in selected ports and waterways.

Benefits: VTS is internationally accepted by governments and maritime industries as a cost effective and efficient means to enhance the safety of our nation's ports and waterways. The VTS program facilitates timely, safe transportation of waterborne commerce which has a direct impact on the social and economic viability of the nation. The Port Needs Study indicates that a high percentage of all collisions, rammings and groundings, along with the associated damage to the environment, could be prevented with VTS systems in the high risk ports.

Project Accomplishments:
a. Mar 1992 - Completed Port Needs Study, an economic analysis of U.S. ports.
b. May 1992 - Mission Need Statement and Key Decision Point (KDP) approved.
c. July 1992 - Awarded initial System Engineering contract to MITRE, Inc.
d. Apr 1993 - Awarded Systems Engineering contract to MITRE, Inc.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	1	1	17	44	63

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE VESSEL TRAFFIC SERVICE (VTS) 2000 (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $32,000,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Project initiation	1993	9,000
VTS 2000 Preproduction Engineering Design and Software Deveopment	1994	12,600

SUMMARY ($000)

AMOUNT OF THIS REQUEST	32,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	129,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.		MEASURE	QTY	ESTIMATED COST ($000)
1.	Contract Support	LS	----	5,000
2.	Survey and Design	LS	----	500
3.	Remote Site Acquisition/Construction.	LS	----	3,500
4.	Integration, Software, and Equipment	LS	----	23,000
	TOTAL			32,000

* Planned needs include personnel allowance for the ports of New Orleans and Los Angesles/Long Beach only. Future requests will address staffing needs for Port Arthur, Mobile, Corpus Christi, Houston/Galveston and Seattle.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE VESSEL TRAFFIC SERVICES (VTS) EQUIPMENT REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $3,000,000

Reason for Request: To fund routine replacement of Vessel Traffic Service (VTS) hardware components as the equipment reaches the end of its service life.

Description of Problem or Need: The Coast Guard currently operates six full time traffic service units in Prince William Sound, AK; Puget Sound, WA; San Francisco, CA; Houston/Galveston, TX; Berwick Bay, LA, and New York, NY. Additionally, Vessel Traffic Services are provided during shipping seasons in the St. Mary's River, MI. VTS equipment typically requires replacement after a seven to ten year service life. Equipment should be replaced on a planned and deliberate schedule rather than through a practice of reacting to system failures. The reactive maintenance philosophy greatly impairs system reliability and integrity, and ultimately costs more with probable shipping backlogs and/or priority shipping costs to meet urgent needs.

As an example, attempts to replace the communications network in Prince William Sound via the reactive maintenance process were unsuccessful for several years. Protracted maintenance problems resulted in eventual catastrophic system failure on January 23, 1990 which necessitated the closure of the port to all tanker movements until the system could be restored. The system continued to suffer disabling failures until July 1990, when the system was finally fully restored at great expense and disruption to other planned projects. This one-of-a-kind system was designed, assembled and installed in 1977 using off-the-shelf components from many different manufacturers. After ten years, spare parts from the original equipment manufacturers were unavailable and replacement parts had to be custom built. Existing equipment components which provided system redundancy had to be cannibalized to maintain/restore primary operational system capability. As a result, the entire VTS Prince William Sound radar and communications system was jeopardized. Without built-in redundancy, the system became susceptible to outages caused by "single points of failure". The On-air availability standard for the VTS is 99.9%; the actual On-air availability of VTS Prince William Sound during this 6 month period was an extremely low 72%. Each time the system failed, the Coast Guard closed the port, often for periods exceeding 10 hours.

The failure to have adequate spares for preventive maintenance for all VTS ports could significantly impact the effective and safe management of U.S. waterways and would impose economic burdens on the shipping industry for delays, and potential extraordinary pilotage and towing costs.

Description of Solution: Provide funding to meet the schedule for deliberate planned hardware replacement as equipment nears the end of its service life to allow preventive maintenance prior to system failure.

Benefits: This request will enable the Coast Guard to establish a program of hardware component replacement and avoid having to respond to catastrophic system failures. Funding this replacement equipment will enable the program to maintain its 99.9% On-air availability.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Replacement Equipment	1992	2,250
Replacement Equipment	1994	3,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	3,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	12,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE VESSEL TRAFFIC SERVICES (VTS) EQUIPMENT REPLACEMENT (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $3,000,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. VTS Recurring Replacement Projects...............	LS	---	3,000

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE OIL POLLUTION RESPONSE EQUIPMENT	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,500,000

Reason for Request: To replace FY 93 National Strike Force (NSF) pollution response equipment funds which were reprogrammed to make available $2.5M to purchase Oil Spill Training Simulators required by Sec. 5006 of The Coast Guard Authorization Act Of 1992 (Title V,P.L. 102-587).

Description of Problem or Need: $4.M was appropriated in FY 93, to correct deficiencies in existing inventories of equipment required to effectively respond to open water oil spills. The equipment was intended to fill gaps in the national response system by improving Coast Guard rapid response capabilities in the following areas: offshore containment and skimming, command and control, and general equipment support. The FY 1993/94 reprogramming of $2.5M has left a funding shortfall in properly equipping the three national strike teams (Atlantic, Gulf, and Pacific) to respond to oil and hazardous substance spills. Acquisition of Vessel of Opportunity Skimming System (VOSS) equipment and improvements to existing equipment were deferred.

Description of Solution: Funding is required to procure additional oil spill response equipment to fill gaps in existing NSF capabilities.

Benefits: This proposal would upgrade the capability and readiness of the National Strike Teams to respond to environmental incidents, thus, decreasing the likelihood that these incidents will cause significant environmental damage.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Prepositioned Pollution Response Equipment	1991	14,000
Strike Team Pollution Response Equipment	1991	7,000
Strike Team Pollution Response Equipment	1992	5,600
Strike Team Pollution Response Equipment	1993	*4,000
	(*$2,500 reprogrammed)	

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,500
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Upgrade of "V Sweep" Equipment on Existing VOSS	EA	12	1,450
2. Dracone (100K Gal Portable Container)	EA	3	600
3. Truck Trailer and Crane	EA	3	450
TOTAL			2,500

*** Reprogramming included $1.25M for a Massachusetts Maritime Academy oil spill training simulator and $1.25M for a Texas A&M simulator.**

DEPT. OF TRANSP., USCG. CGHQ-4265 (REV. 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SEARCH AND RESCUE MANAGEMENT INFORMATION SYSTEM	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $900,000

Reason for Request: To fund the design and implementation of a computer-based Search and Rescue Management Information System (SARMIS) to replace the obsolete system currently in use.

Description of Problem or Need: SARMIS is an administrative reporting information system which records and compiles Search and Rescue (SAR) case data. This database provides decision support to resource managers. Accurate information which is easy to access in a usable format is fundamental to current and future resource allocation decisions. One of four recommendations contained in a 1990 GAO report, which was critical of the process the Coast Guard used to close low workload small boat units, required that "complete, current, and accurate data be made available and used in the application of closure criteria." Several ongoing initiatives affecting small boat units highlight the pivotal nature of this database. The Coast Guard's FY95 Operating Expenses budget proposes to close 14 low workload/low productivity small boat units, saving approximately $4M annually. The process used to support these and future resource adjustments relies on the data in SARMIS.

The current technical state of SARMIS requires significant manual intervention to move data between three component software subsystems. These subsystems are tenuously linked and capture duplicate data. Their data bases are geographically isolated and supported on separate hardware systems. The three subsystems are complex, labor intensive, create an administrative burden at front line SAR units, and are technically obsolete. The query tools used to extract data for reports and statistics require a highly trained analyst. The technical condition of the overall SARMIS system makes it inefficient and extremely difficult to use. Minor enhancements require substantial rework and increase maintenance complexity.

Description of Solution: Redesign SARMIS to make it easier to input, compile, and output the data in a usable format. Consolidate the three subsystems and their data bases to eliminate redundancy. Provide end-to-end connectivity for "one universal view" of the SARMIS database. Install data analysis and reporting tools which are easy to use. The new SARMIS will be located at the Coast Guard Operations Systems Center in Martinsburg, West Virginia.

Benefits: A modem Search and Rescue Management Information System will be much easier to use at the field unit level. This will reduce administrative data entry time spent at operational units and help ensure the availability of a more accurate database. The new system will provide a more user friendly database for resource managers at all levels and will provide significantly easier access to the statistics and reports necessary to make resource allocation decisions.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
NONE		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	900
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Software Purchase and Shipping	LS	—	730
2. Training, Documentation and maintenance	LS	—	45
3. Licensing/Upgrade Fees	LS	—	125
	TOTAL		900

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE GLOBAL MARITIME DISTRESS AND SAFETY SYSTEM PHASE III	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $1,800,000

Reason for Request: To continue a multi-year project to purchase vessel and shore-based radio communications equipment to permit distress, safety, law enforcement, and navigation communications between the Coast Guard and commercial vessels. This project brings the Coast Guard into compliance with the 1988 amendments to the International Safety of Life at Sea (SOLAS) Convention, of which the U.S. is a signatory member.

Description of Problem or Need: The 1988 Amendments to the SOLAS Convention require cargo and passenger ships to install new, automated, ship-to-ship and ship-to-shore radio communications equipment by 1999, eliminating the need for dedicated radio operators aboard these commercial vessels. Examples of Global Maritime Distress and Safety System (GMDSS) equipment being placed aboard commercial vessels include International Maritime Satellite (INMARSAT) telephones; NAVTEX marine safety information receivers (notice to mariners, weather, etc.); medium and high frequency two-way radio TELEX (hard copy/computer screen messages); and medium (MF), high (HF), and very-high frequency (VHF-FM) digital selective calling (DSC) two-way voice radios. Compatible radio equipment needs to be in place aboard Coast Guard vessels and shore units (communications stations and groups) to permit effective distress, safety, law enforcement, and navigation communications between GMDSS equipped commercial vessels and the Coast Guard. Hoaxes and congestion on the traditional VHF-FM distress and calling frequency (channel 16) used by thousands of commercial vessels and the private boating public in busy areas, make it increasingly difficult to receive actual distress calls. The Coast Guard now receives 20,000 distress calls annually on this national distress frequency. DSC equipment automatically identifies the caller and nature of emergency which will improve Coast Guard response in actual cases and help eliminate hoaxes.

Description of Solution:

Vessels: This third phase will purchase and install high frequency radiotelex and medium, high, and very-high frequency DSC two-way voice radio communications transceivers for long, medium, and short range communications. This equipment will allow two-way communications between Coast Guard vessels and GMDSS equipped vessels at sea, along the coast, and in coastal/inland waterways. By the end of 1995, radiotelex will be installed aboard larger CG vessels with radiomen assigned (high and medium endurance cutters, icebreakers, and buoy tenders), and installations of medium, high, and very-high frequency (MF, HF, and VHF-FM) digital selective calling (DSC) transceivers will start aboard 110-foot patrol boats and all larger vessels. Future budget requests for the fourth and final phase will complete the project by acquiring and installing MF, HF, and VHF-FM DSC equipment aboard the remaining 110-foot patrol boats and all larger vessels.

Shore: This third phase will purchase and install medium and high frequency (MF/HF), long range, two-way, DSC voice radio communications transceivers at Coast Guard Communications Stations and Groups. This equipment will allow communications between Coast Guard groups and GMDSS equipped vessels at sea. By the end of FY-95, MF/HF DSC will be installed at all CG Communications Stations and Groups. Future budget requests for the fourth and final phase will complete the project by acquiring and installing very-high frequency DSC at CG Groups for short range communications along the coast and in coastal/inland waterways.

Benefits: Coast Guard communications with the maritime public are essential to maritime safety and navigation. GMDSS equipment will ensure the Coast Guard can initiate and respond to calls and communicate with vessels during distress alerting, on-scene rescue, and routine operations. Due to the automated nature of these newer systems, existing Coast Guard manually operated radios, where the operator must listen to all calls and respond to those directed to his or her unit, will not be compatible with GMDSS equipped vessels.

Project Accomplishments:

NAVTEX receivers installed aboard Coast Guard vessels 110' WPB and larger.
Medium Frequency DSC equipment installed at all Coast Guard Communications Stations and some Groups (50 percent of project complete by end of FY-94).
High Frequency DSC equipment installed at all 8 Coast Guard Communications Stations by early FY-95.
High and Very High Frequency DSC equipment prototyped at several Coast Guard Groups such as Moriches, NY.

FISCAL YEAR	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
1995		

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
GLOBAL MARITIME DISTRESS AND SAFETY SYSTEM PHASE III	VARIOUS	$1,800,000

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Global Maritime Distress & Safety System	1992	1,000
Global Maritime Distress & Safety System, Phase II	1993	1,100

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,800
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	1,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	--

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.		MEASURE	QTY	ESTIMATED COST ($000)
1.	Radiotelex Modems aboard CG Vessels	EA	50	200
2.	VHF-FM DSC transceivers aboard CG Vessels	EA	200	380
3.	MF/HF DSC transceivers aboard CG Vessels	EA	200	560
4.	MF/HF DSC transceiver installations at CG Groups and Communications Stations	EA	40	660
	TOTAL			1,800

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE CONVERSION OF SOFTWARE APPLICATIONS-PHASE II	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $3,000,000

Reason for Request: To convert Coast Guard developed mission-critical software applications from the current proprietary environment to a Federal standards based Open Systems Environment.

Description of Problem or Need: Coast Guard has developed several hundred service-wide, specialized applications running on the present Coast Guard Standard Workstation (CGSWII). Federal mandates require the Coast Guard to move to the Open Systems Environment (OSE) for the replacement Standard Workstation (CGSWIII) contract award, anticipated in late FY95 or early FY96. 60 of these specialized applications are considered high priority, unique to CG operations and are not available from commercial or other government sources, and must be reprogrammed to be in compliance with the National Institute of Standards and Technology's (NIST) Application Portability Profiles (APP).

Description of Solution: Current mission-critical software applications were designed for the existing CGSWII proprietary computing environment. To operate on CGSWIII and future OSE compliant computers, these applications must be reprogrammed. Because of their multi-mission tasking, Coast Guard units run a wide variety of CG-developed applications at any site. During FY94, the Coast Guard will complete software conversion prototyping on at least three selected applications. The prototyping efforts will convert selected applications via use of Computer Assisted Systems Engineering (CASE) development tools concentrating on code generation. These prototype efforts will validate and refine application software development and graphical user interface standards and conversion processes. These standards will comply with existing Federal Open Systems standards and will be updated as new Federal standards are approved.

Benefits: General Services Administration (GSA) limits workstation contracts to three to five years, including CGSWIII, which has a maximum contract life of five years. Converted applications will run on new and existing workstations reducing end user training requirements. Conversion of applications to a Federal standard based OSE will avoid large out year conversion costs on future contracts while maximizing the useful life of existing CGSWII equipment.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	2	0	2	0	4
PLANNED	2	0	2	0	4

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Conversion Of Applications Software, Phase I	1994	2,000

SUMMARY ($25,000)

AMOUNT THIS REQUEST	3,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	20,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Software Conversion	LS	---	3,000

129

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE COMMUNICATIONS STATION HONOLULU TRANSMITTERS	NEAREST CITY & CONGRESSIONAL DISTRICT HONOLULU, HI – 1st	AMOUNT REQUESTED $1,900,000

Reason for Request: To minimize an increase in Inter-Service Support Agreement (ISSA) costs at Communicaton Station (COMMSTA) Honolulu. The host command, Naval Computer and Telecommunications Area Master Station (NCTAMS) Eastem Pacific Honolulu, HI., has audited actual costs for services rendered to the Coast Guard and annual costs will increase from $75,000 to $837,000 without modification to existing transmitter configuration.

Description of Problem or Need: ISSA costs to lease 9 high power High Frequency Navy transmitters have increased drastically. Lease of transmitters will account for $595,000 of the $837,000 annual charges. COMMSTA Honolulu leases these transmitters from the Navy to support intemational commitments to provide Continuous Wave AMVER, On-Call Simplex Teletype Over Radio (SITOR), and Global Maritime Distress and Safety System (GMDSS) SITOR broadcasts. These services are provided to comply with the Safety of Life at Sea (SOLAS) Convention and Intemational Telecommunications Union Radio Regulation requirements to receive and disseminate meteorological, ice, and distress information.

Description of Solution: Purchase and install seven CG owned transmitters and three electrical HF antennas to avoid ISSA charges of $595,000 annually. Seven CG transmitters (6 active 1 spare) can effectively replace nine Navy transmitters because the Navy is unable to shift frequencies on their transmitters by remote control. Any frequency shift request takes 30–60 minutes. CG owned and operated transmitters will be remote controllable. The ability to shift frequencies as needed to respond to system loading will allow the Coast Guard to provide the same services on six CG transmitters that required nine Navy leased transmitters.

Benefits: Reduced dependency on Navy. Reduced ISSA costs by $595,000 annually. A cost benefit analysis indicates capital and annual recurring costs can be paid back in 4 years. Increased operational response and flexibility to mission requirements as new CG owned transmitters will be remote controllable. Standardization of high power HF transmitters at COMMSTA Honolulu will ensure compatibility with future efforts to operate these transmitter resources remotely from Communications Area Master Station Pacific (CAMSPAC) in Pt. Reyes, CA.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NO CHANGE
PLANNED	NO CHANGE

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
None		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,900
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	--
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	--

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Design Costs	EA	1	20
2. Purchase of 10KW High Frequency transmitters	EA	7	1,400
3. Purchase High Frequency antennas	EA	3	300
4. Transmitter installation costs	EA	7	30
5. Antenna installation costs	EA	3	150
TOTAL			1,900

DEPT. OF TRANSP., USCG, CGHQ-4265 (REV. 6-90)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE FINANCE CENTER INFORMATION SYSTEM REPLACEMENT	NEAREST CITY & CONGRESSIONAL DISTRICT CHESAPEAKE, VA	AMOUNT REQUESTED $1,000,000

Reason for Request: To replace existing functionally obsolete Finance Center (FINCEN) Information systems with a single, integrated hardware and software system capable of adapting to evolving technology and database growth.

Description of Problem or Need: As the Coast Guard's primary accounting, collection and bill paying/processing center, the FINCEN handles over 3.7 million transactions annually, accounting for $1.4 billion. The FINCEN was established in 1989 by collocating four separate financial data information systems with the expectation of hardware/software growth capacity for approximately five years. The current system is operating at maximum processing capacity three years in advance of estimates. The use of four separate systems significantly impedes productivity because a continual, labor intensive effort is required to reenter data that must be transferred between computers. Additional personnel and frequent overtime are necessary to compensate for the lack of system integration and interconnectivity. The existing hardware and software systems are not capable of supporting the diverse, internal and global external responsibilities required of the FINCEN accounting operations. The existing system is not reliable. User downtime from various network problems was 230 hours between March 93 and March 94 -- Idling at one time or another the entire FINCEN staff of over 300 employees.

Description of Solution: Provide a fully integrated, fully automated information system by procuring and installing hardware and software which will provide significant improvements in system performance and flexibility. The information system will interface with CG field units and provide improved functionality without requiring customers to modify their business practices. The replacement computer system will be fully integrated and comply with federal open systems computer architecture, capable of modular growth to meet changing requirements, employ the use of optical scanning technology to reduce paperwork handling, and provide ease of connectivity and data integrity with Electronic Data Interchange (EDI) networks.

Benefits: Personnel efficiency will accrue when the new system is fully operational by minimizing time required to resolve system integration and capacity problems caused by dissimilar systems and capacity constraints. A more capable, reliable and integrated system will position the Coast Guard for increased efficiencies in finance, logistics, and supply management. The Coast Guard will improve data integrity and keep pace with the growth of information processing requirements as it relates to both the collection and payment of bills and the development and presentation of financial information under the Chief Financial Officers (CFO) Act and the Federal Managers Financial Integrity Act. Improvements in technology at the finance center will improve the Coast Guard's ability to manage its annual appropriations of over $3.5 billion.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	0	1	5	5	11*
PLANNED	0	1	3	5	9*

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
None		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	3,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO		MEASURE	QTY	ESTIMATE COST ($000)
1.	Initial Design, Requirements Analysis, Analysis of Alternatives	LS		1,000

*Dedicated IRM staff only

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE REPLACE AIRCRAFT REPAIR AND SUPPLY COMPUTER - PHASE IV	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

Reason for Request: To refund the final phase of the aircraft maintenance/logistics information system. This phase will integrate the Aviation Maintenance Management Information System (AMMIS) and Aviation Computerized Maintenance System (ACMS), resulting in a single Aviation Logistics Management Information System (ALMIS). $1.9M of the funds that were originally appropriated for Phase IV in FY-93 are being proposed to be used to fund the settlement of contract claims arising from Phases I-III of the project.

Description of Problem or Need: Aircraft Repair and Supply Center (AR&SC) provides Depot Repair, Technical Engineering and Logistics Supply services to 25 Coast Guard Air Stations that operate and maintain 217 aircraft. The supply side of AR&SC, the Aviation Inventory Control Point (AICP), maintains a $620 million aviation parts inventory with a $82.5 million annual budget. The Aviation Depot Repair functions of AR&SC combine in-house aircraft overhauls with in-house and sub-contracted component overhauls. The aircraft supply system and the aircraft maintenance system are not presently linked. Parts required for maintenance must be ordered manually and coordinated with maintenance actions. Maintenance planning is complex because the maintenance cannot be performed unless the parts are available, but buying and storing excess parts wastes money. This phase will provide the software links to allow coordination of the maintenance and supply systems. The resulting integrated logistics system would then allow a single maintenance entry to initiate the required supply actions. Additionally, the current performance of both ACMS and AMMIS at field units is extremely slow due to the configuration of the telecommunication systems and the volume of data being transferred. Updated hardware will improve system performance and allow data entry and extraction in minutes instead of hours.

Description of Solution: This phase will integrate the supply system (AMMIS) with the Aircraft Computerized Maintenance System (ACMS), thus providing a single aviation logistics system. This final phase fully integrates maintenance practices/planning with supply resources and improves the telecommunication systems that support AMMIS and ACMS at field units.

Benefits: This phase will provide the integrated supply and maintenance database needed to effectively plan field level maintenance, schedule resources, perform accurate Reliability Centered Maintenance (RCM) analysis, and measure the effectiveness of the logistic system. Reducing the human intervention necessary to manage these tasks will not only improve the accuracy, but can allow aviation managers to devote more management time toward meeting program goals. Improvements are projected in such areas as spare parts forecasting, reliability improvements, increased aircraft availability, and management oversight of aviation support programs.

Project Accomplishments: Phases I-III funded the upgrade of the Aviation Maintenance Management Information System (AMMIS). Associated hardware and software improvements were made at the Aviation Repair and Supply Center and 25 airstations.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE REPLACE AIRCRAFT REPAIR AND SUPPLY COMPUTER - PHASE IV	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $2,000,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT($000)
REPLACE AR&SC COMPUTER PHASE I	1989	5,700
REPLACE AR&SC COMPUTER PHASE II	1990	1,500
REPLACE AR&SC COMPUTER PHASE III	1991	1,500
REPLACE AR&SC COMPUTER PHASE IV	1993	2,500

*OST has proposed in a 14 February 1994 letter to the Appropriations Subcommittee Chairmen to use $1.9M of these funds to pay a contract claims settlement involving work performed in the first three phases of this project.

SUMMARY ($000)

AMOUNT OF THIS REQUEST	2,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Hardware for each Air Station			1,500
2. Software development			500
	TOTAL		2,000

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FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
VESSEL TRAFFIC SERVICE (VTS) UPGRADE AND EXPANSION PROJECT	VARIOUS	$1,600,000

Reason for Request: To complete Vessel Traffic Center Upgrades and Expansion in New York, Puget Sound and San Francisco.

Description of Problem or Need: The Coast Guard provides active vessel traffic management in selected major ports and inland waterways to prevent collisions, rammings, and groundings, and the losses of lives, property and damage to the environment associated with these accidents. The existing VTC's in New York, Puget Sound and San Francisco are being upgraded to increase the level of service to the mariner, and to make VTC operators more efficient. This upgrade involves using computers to control remote sensors and to provide vital decision support tools to the operator. The CG has primarily used "off the shelf" equipment throughout for the upgrade. However, in an effort to expedite project completion, the Coast Guard entered into an agreement with the Naval Air Warfare Center (NAWC) to develop software and implement the system in three ports. The specialized software necessary for this system was beyond CG expertise, and acquisition of similar commercial systems would have greatly extended the project. Difficulties encountered in development and integration of VTS software has significantly increased the amount of labor hours required, and consequently, increased the cost of the New York implementation. Additional funding is required in FY95 to complete development and installation at Puget Sound and San Francisco, complete the New York expansion, and finalize the documentation.

Description of Solution: Additional funding in FY95 will be used for software and installation labor to complete the VTC upgrade and expansion projects.

Benefits: VTS provides sensor surveillance and other critical information to mariners transiting high traffic areas or during times of reduced visibility. The August 1991 "Port Needs Study" verified that a high percentage of collisions and groundings can be prevented through the use of VTS systems. VTS is internationally accepted by governments and maritime industries as a cost effective and efficient means to enhance the safety of ports and waterways. The VTS program directly contributes to the Department of Transportation's mission of managing the nation's overall transportation infrastructure.

Accomplishments:

1. May 92 – Puget Sound/Tacoma, WA Expansion Complete
2. Aug 92 – Sandy Hook, NJ Expansion Site Operational
3. Jun 93 – New York Upgrade Equipment Installed
4. Oct 93 – New York Upgrade Turned–On
5. Oct 93 – New York Expansion Sites Construction Started
6. Aug 93 – VTC Puget Sound Upgrade Construction Completed
7. Jan 94 – VTC San Francisco Upgrade Construction 95% Complete

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT			NO CHANGE		
PLANNED			NO CHANGE		

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
VTS Puget Sound Tacoma Expansion	1990	3,988
VTS New York	1991	6,900
VTS New York	1992	4,300
VTS Puget Sound	1992	2,000
VTS San Francisco	1992	2,900
VTS San Francisco	1993	2,500
VTS Upgrade and Expansion Project	1994	4,400

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE	NEAREST CITY & CONGRESSIONAL DISTRICT	AMOUNT REQUESTED
VESSEL TRAFFIC SERVICE (VTS) UPGRADE AND EXPANSION PROJECT	VARIOUS	$1,600,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,600
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT..............	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY...............	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Software Development/Installation Labor................................	LS	----	1,600

NOTE: The 1989 Dire Emergency Supplemental provided funds for Phase I which included construction and operation of VTS New York in the amount of $5.6M.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SURVEY AND DESIGN - SHORE PROJECTS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $10,000,000

Reason for request: To ensure execution of shore construction projects in future years through advance engineering surveys, master plans, and design in 1995.The projects for which this preliminary work must be accomplished are part of the long range plans for the Coast Guard Shore Facility program.

Description of problem or need: Survey and design funds are required to effectively planshore construction projects and to ensure timely accomplishment of projects consistent with the year in which funds are appropriated. To accomplish this, survey and design funds are required to complete preliminary designs prior to project funding requests.

Description of solution: Provide funds for advance engineering studies, master plans, project design, and additional contractual architectural/engineering efforts to supplement in-house capability. Additionally, funds will be used for site surveys, options, and the purchase of real property to ensure availability for future construction.

Benefits: Survey and design funds will ensure more accurate cost estimates and guarantee executability for shore projects included in future AC&I budget requests.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Survey and Design of Various Facilities	1991	5,400
Survey and Design of Various Facilities	1992	8,050
Survey and Design of Various Facilities	1993	10,000
Survey and Design of Various Facilities	1994	12,300

SUMMARY ($000)

AMOUNT OF THIS REQUEST	10,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	60,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Survey and Design of Various Facilities	LS	---	9,000
2. Master Plan Development	LS	---	1,000
TOTAL			10,000

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE MINOR AC&I SHORE CONSTRUCTION PROJECTS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $6,000,000

Reason for request: To provide continuing funds for small, but necessary, Acquisition, Construction, and Improvements (AC&I) shore facility projects. These projects are less complex and require less advance planning than their major AC&I counterparts.

Description of problem or need: Various shore facilities and capital plant actions are involved. Typical problems include substandard, deteriorating, overcrowded or functionally inadequate facilities.

Description of solution: The following represents the type of projects to be accomplished under this program:

a. Contruct new facilities to provide for added mission requirements.
b. Renovate existing facilities to improve quality of life and safety for personnel.
c. Modify existing facilities to meet changing mission requirements and to bring into compliance with regulations.
d. Replace deteriorating facilities which are beyond their intended useful life.

The overall cost for any particular minor AC&I shore facility project falls between $200,000 and $1,000,000.

Benefits: The Minor AC&I program is an efficient and effective method of responding to field commanders' needs to accomplish relatively small, less complex shore facility projects. These projects typically do not involve extensive planning and are relatively easy to execute. The Coast Guard encourages its units to scale back projects and pursue least cost alternatives. In return, projects are accomplished more quickly, before additional deterioration or facility requirements involve a more costly and extensive design and construction effort. Continued funding will ensure increased operational efficiency and effectiveness, improved habitability, and enhanced safety and occupational health standards.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT		NOT APPLICABLE			
PLANNED		NOT APPLICABLE			

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Minor AC&I Shore Construction	1990	7,478
Minor AC&I Shore Construction	1991	7,685
Minor AC&I Shore Construction	1992	10,000
Minor AC&I Shore Construction	1993	8,600
Minor AC&I Shore Construction	1994	8,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	6,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	40,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Minor AC&I Projects	LS	---	6,000

DEPT. OF TRANSP., USCG, [illegible] (REV. [illegible])
(PF 6-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE AIR STATION MIAMI UPGRADE - PHASE II	NEAREST CITY & CONGRESSIONAL DISTRICT MIAMI, FL - 17TH	AMOUNT REQUESTED $8,400,000

Reason for request: To continue a multiple phase project to construct, renovate and expand existing shore facilities at Coast Guard Air Station Miami. This phase of the project is to construct a new rotary wing hangar for the nine assigned HH-65s.

Description of problem or need: The Coast Guard does not have adequate aviation shore facilities to accommodate assigned aircraft at Air Station Miami. The existing hangar structure is 45 years old. It is not adequate to support the six HU-25s (fixed wing), two RG-8s (fixed wing), one VC-4 (fixed wing) and nine HH-65s (rotary wing) aircraft within the same maintenance hangar. The number of aircraft being serviced has resulted in overcrowded and unsafe conditions within the existing 64,400 gsf hangar. Coast Guard standards indicate that a maintenance hangar of 155,000 gsf is needed to support the Air Station Miami's aircraft allowance. Thus, there is an aircraft maintenance facility shortfall of approximately 90,000 gsf. This shortfall is further aggravated because Air Station Miami serves as the primary maintenance facility for Coast Guard aircraft deployed to the Caribbean and from other Coast Guard Air Stations.

Description of solution: This phase of the Air station Miami Expansion project will construct a new rotary wing hangar and shop spaces at the air station. This rotary wing hangar is an extension of the existing maintenance hangar. It will share several shops, mechanical systems, and foam deluge system with the existing hangar. Subsequent phases include renovating the existing hangar and shops for fixed wing aircraft, a new administration building, and a physical fitness center.

Benefits: New hangar spaces will relieve overcrowded and unsafe conditions at Air Station Miami. The new facility will reduce the potential for ground handling mishaps, provide an environmentally compliant spray paint area, ensure that all helicopters can be hangared during inclement weather and place rotary wing maintenance inside a structure that meets all applicable building and fire codes. By improving work flows and reducing the need to remove or fold rotor blades prior to hangaring helicopters, the new facility will allow Air Station Miami to more efficiently maintain its rotary wing aircraft. With a new rotary wing hangar, the existing hangar will be used for fixed wing aircraft maintenance.

Project Accomplishments: Air Station Miami Phase I funds were provided in FY93 to construct a fuel farm and rinse rack, presently. Also in FY93, funds were provided for a foam deluge fire protection system. The foam deluge system which will be installed conveniently with this FY95 project.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	NOT APPLICABLE				
PLANNED	NOT APPLICABLE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Miami (SEUS) Air Station Phase I Facility Upgrade (Fuel Farm, Rinse Rack and Foam Deluge System)	93	8,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	8,400
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	11,300

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Sitework	LS	----	570
2. Utilities	LS	----	670
3. Construct New Hangar	SF	84,250	6,600
4. Outfitting	LS	----	420
5. Electronics	LS	----	140
	TOTAL		8,400

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DEPT. OF TRANSP., USCG, CGHQ-4265 (REV 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SUPPORT CENTER NEW YORK, NY- CONSTRUCT ET/ANT SHOPS	NEAREST CITY & CONGRESSIONAL DISTRICT NEW YORK, NY - 15TH	AMOUNT REQUESTED $3,250,000

Reason for request: To provide adequate building space for the existing Group New York Electronics (ET) Shop and Aids to Navigation Team (ANT).

Description of problem or need: The Group New York ET shop provides electronics maintenance and repair support for 5 Coast Guard cutters, [Sturgeon Bay, Penobsot Bay, Wire, Line and Hawser;]3 Stations, [NewYork, Ft. Totten and Burlington, VT;] 2 Ant Teams, [New York and Saugerties, N.Y.;] Airstation Brooklyn; Plus the Operations and Communications Centers at the Atlantic Area Command on Governors Island. The ET Shop is staffed with a crew of 9 enlisted personnel, providing 24-hr routine and emergency response for CG activities in its area of responsibility. Typically this involves repairs to all ship and shore antennas, radars, communications gear and other electronics equipment. The New York ANT maintains 369 navigational floating aids, 100 minor lights, and 8 major lights in the surrounding New York waterways. The ANT is staffed with a crew of 23 enlisted personnel. Both the ET shop and the ANT are presently located in functionally inadequate and undersized spaces.The ET shop operates in the basement of Building 25 (Built circa 1878) with only 60% of the space it needs. Poor and cramped work conditions affect the efficiency and safety of the operations; equipment is hung from overhead piping, valuable hardware is stored on work area floors, and tools are inefficiently located in boxes under work benches. ANT New York was formed at Support Center New York in 1984 in a floating workbarge, which was leased from the U.S. Navy. The work space on the barge consists of a 4,800 GSF single story light frame shed. The superstructure is in dilapidated condition, and the barge hull is in need of structural renovation.The ANT operated from this "Navy excess" barge until December 1993, when it was condemned by the CG for numerous safety deficiencies. The barge will be scrapped. ANT New York is now temporarily occupying rented trailers on Governors Island until permanent spaces can be constructed which conform to historic and environmental regulations.

Description of solution: Construct a new 6,900 square foot ANT shop facility, and a 4,500 square foot addition to Building 96 for the Group New York ET shop. The new spaces will be constructed in Industrial Zones consistent with Governors Island land use plans.

Benefits: This project will provide permanent, safe, efficient and functionally adequate facilities for the Group New York ET Shop and ANT.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	26	22	211	302	561*
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Convert Building 550 to Health Care Facility	1991	7,600
Electric Upgrade PH IV	1993	5,100

SUMMARY ($000)

AMOUNT OF THIS REQUEST	3,250
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	67,400

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE SUPPORT CENTER NEW YORK, NY- CONSTRUCT ET/ANT SHOPS (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT NEW YORK, NY - 15TH	AMOUNT REQUESTED $3,250,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	LS	---	20
2. Sitework	LS	---	290
3. Exterior Utilities	LS	---	180
4. Building	SF	11,400	2,580
5. Outfitting	LS	---	160
6. Electronics	LS	---	20
TOTAL			3,250

* Personnel allowance is for Support Center New York only.

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE SUPPORT CENTER SEATTLE- RECONSTRUCT PIER 37	NEAREST CITY & CONGRESSIONAL DISTRICT SEATTLE, WA - 2ND	AMOUNT REQUESTED $10,300,000

Reason for Request: To replace the existing 50 year old, deteriorated, timber pier with a new concrete pier for the continued use as the homeport for the Coast Guard's two 399' Class Polar icebreakers.

Description of Problem or Need: The existing timber Pier 37 at Support Center Seattle was built by the Army in the early 1940's. Ownership of the pier changed several times since it was constructed; the CG acquired the property in 1975. The pier has severely deteriorated over time, through fungal decay and the natural forces of marine tube worms. Over 60% of the wooden supporting piles are in need of replacement and the remaining structural components are in fair to poor condition; wooden fendering, pile caps, stringers, and decking are in various stages of deterioration. The structural load bearing capacity is restricted in many areas, hampering pier-side logistical support, such as mobile crane support, vehicle, and equipment access. The existing pier does not provide a safe or effective homeport berth for the two Polar Icebreakers. Repair of the existing wooden pier is not an economical solution. There are no economical resiting alternatives for large cutters in the Puget Sound area.

Description of Solution: Demolish the deteriorated timber pier and construct a reinforced concrete pile supported pier 2-3 times the life of wooden pier, with precast concrete decking and necessay utilities.

Benefits: The replacement pier will provide a safe berth for large Coast Guard cutters, and it will support all pier-side logistical operations. The new pier will also be more resistant to deterioration than a timber pier, requiring less follow-on maintenance in the years to come. The choice of a concrete structure over a timber system using preservative treatments, is an environmentally sound decision. The new structure will also be designed to environmental standards, incorporating such features as steel gratings in selected areas, allowing sunlight to waters below. The concrete replacement presents a long term, low maintenance solution, and is the lowest life cycle cost alternative for berthing two Coast Guard Polar Class Icebreakers.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	10	2	46	16	74*
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Repair Pier 36 Apron	1992	2,600

SUMMARY ($000)

AMOUNT OF THIS REQUEST	10,300
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	37,600

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	SF	47,000	1,270
2. Exterior Utilities	LS	------	740
3. Waterfront Construction	LS	------	7,620
4. Temporary vessel berthing	EA	2	670
	TOTAL		10,300

*** Personnel allowance is for Support Center only.**

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE PUBLIC FAMILY QUARTERS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $18,200,000

Reason for request: To provide adequate family housing in certain areas in the U.S. where the housing supply is insufficient or inadequate to meet the minimum requirements for assigned Coast Guard personnel. Coast Guard owned housing is acquired only where other alternatives are inadequate, not available, or not cost effective.

Description of problem or need: Some locations lack sufficient adequate community housing for Coast Guard personnel to rent or buy, or for the Coast Guard to lease. Adequacy criteria include cost, suitability elements (size, number of bedrooms, condition), and commuting factors (time, distance, cost).

Description of solution: The projects listed below are representative of those which will comprise the planned FY 1995 Public Family Housing Program. This program will provide approximately 65 family housing units and related support facilities. Final site selection, number of units constructed and related support facilities on those sites will depend on market conditions and progress in construction bidding. Housing requirements and market analysis studies support construction of housing in North Carolina, New Jersey and Alaska in FY 1995.

Benefits: The additional housing will reduce the number of Coast Guard personnel who are inadequately housed and improve the quality of life for Coast Guard personnel and their dependents.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	---	---	67	92	159
PLANNED	---	---	70	98	168

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Construct/purchase approx 82 units	1991	15,300
Construct/purchase approx 157 units	1992	30,600
Construct/purchase approx 149 units	1993	25,000
Construct/purchase/renov approx 143 units	1994	22,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	18,200
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	96,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Station Ocracoke, NC	EA	11	2,100
2. Training Center Cape May, NJ	EA	24	4,100
3. Support Center Kodiak, Aviation Hill PH I, AK	EA	30	12,000
TOTAL			18,200

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE STATION PROVINCETOWN– REPLACE WAVE BARRIER	NEAREST CITY & CONGRESSIONAL DISTRICT PROVINCETOWN, MA – 10TH	AMOUNT REQUESTED $1,300,000

Reason for request: To protect Station Provincetown personnel, small boats and floating dock from injury or damage due to hazardous operating conditions caused by wave action.

Description of problem or need: Coast Guard Station Provincetown, MA is located in a key geographic area at the extreme northwestern tip of Cape Cod. This multi-mission station operates one 41' utility boat (UTB), one 44' motor lifeboat (MLB) and one small open boat. Station Provincetown responds to calls in Massachusetts Bay, Cape Cod Bay and offshore in the North Atlantic Ocean. The station dock is also used by patrol boats operating in these waters. The dock was originally designed for 95' CAPE Class patrol boats that have been replaced by 110' ISLAND Class patrol boats.

The Coast Guard station buildings and dock are located west of the municipal marina, which is protected by an extensive breakwater structure. Approximately 75 days each year, severe weather conditions cause dangerously high wave action at the Coast Guard Station. Station personnel are forced to temporarily relocate their boats and 16' X 40' floating dock to prevent damage from wave action. The 41' UTB is anchored out in open water to ride out storms. The 44' MLB is moored at the municipal piers, often outboard of other boats. The floating dock is moored inside the breakwater.

Mission readiness is degraded during periods of bad weather, when search and rescue capabilities are critical. Adequate security and electrical power to keep the MLB engines preheated are not available at the municipal pier. The engines are started periodically to ensure they will start in an emergency, and when the boat is called away it must idle at the pier until the engines reach operating temperatures.

The Coast Guard used the existing design of a successful structure to build a breakwater at Station Provincetown in 1987. The breakwater failed to moderate severe wave action due to the unique physical properties and wave actions at the station moorings. In 1991, the Coast Guard contracted with Consulting and Research Services, Inc. to perform a comprehensive wave study and wave barrier analysis that validated the feasibility of a replacement breakwater design.

Description of solution: Demolish the existing timber wave barrier. Construct a new barrier composed of large diameter concrete/sand filled pilings spaced at close intervals with reinforced concrete pile caps. Perform dredging as required and replace existing floating dock to better accommodate the larger 110' patrol boats now forced to anchor approximately 500 yards offshore from the station dock.

Benefits: Full mission capabilities will be restored at Station Provincetown. The station small boats and dock will be protected from wave damage. Dangerous working conditions will be avoided.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	00	00	25	00	25
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Minor AC&I	1987	430

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,300
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	LS	---	50
2. Dredging	LS	---	100
3. Construct Wave Barrier and Install Floating Docks	LS	---	1,150
	TOTAL		1,300

DEPT. OF TRANSP., USCG, CGHQ-4285 (REV. 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE BASE SAN JUAN, PR – RECONSTRUCTION – PHASE I		NEAREST CITY & CONGRESSIONAL DISTRICT SAN JUAN, PR	AMOUNT REQUESTED $10,750,000

Reason for request: To replace and expand existing shore facilities at Coast Guard Base San Juan, Puerto Rico. This is the first phase of a planned three-phase project.

Description of problem or need: Base San Juan supports numerous and diverse Coast Guard commands and activities including: the Greater Antilles Section Office and Operations Center; a multi-mission station, a Marine Safety Office; Marine Safety Detachments in St. Croix and St. Thomas, Virgin Islands; a recruiting office; an Aids to Navigation Team; industrial, electronic and naval engineering support facilities; six 110' patrol boats in Puerto Rico and one 82' patrol boat in St. Thomas. The Base also provides significant logistics support to many of the Coast Guard cutters and aircraft deployed to the Caribbean.

The Coast Guard base in San Juan was established in 1912 on property transferred from Naval and Lighthouse Reservations. The base was expanded in 1940 and 1941. The average age of the existing buildings is 55 years, and they have undergone extensive repairs, renovations and modifications over the years as Coast Guard mission requirements in Puerto Rico evolved and increased. Additional office, shop and storage spaces have been created over the years in existing buildings that were not designed for these activities. The material condition, adequacy of space and functionality of the facilities at base San Juan can no longer be corrected with periodic maintenance and improvements. In particular, berthing for unaccompanied personnel is inadequate and substandard. Coast Guard presence in Puerto Rico is critical to the success of law enforcement, migrant interdiction, aids to navigation and marine safety operations "in the greater Caribbean basin", etc.

Existing deficiencies were exacerbated in the late 1980's when operational requirements brought six 110' patrol boats to Puerto Rico. There was room for only one boat at Base San Juan. The remaining five patrol boats share one pier at the Naval Station in Roosevelt Roads, which is a two hour drive from Base San Juan. The only shoreside support building for the five boats in Roosevelt Roads is a trailer which was condemned after Hurricane Hugo. Maintenance teams from the base require 4 hours of unproductive travel time to service the boats. Patrol boat crewmembers travel that same distance to conduct operational and personnel related business at the Section office.

Description of solution: Reconstruct Base San Juan to provide adequate facilities for all commands and activities in Puerto Rico, including the five patrol boats now moored at Roosevelt Roads. This project will be divided into phases to minimize disruption of Coast Guard operations. This first phase will involve demolition of interfering or "obstructive" structures and construction of a replacement unaccompanied personnel housing facility. Sitework preparation and utilities upgrades to support projects in future phases will also be included in this first phase.

Subsequent phases will include construction of new buildings to house the dining facility, administrative functions, operations center and warehouse, marine safety and recruiting offices, engineering support facilities, and a weapons training facility. Waterfront facilities and piers will be constructed to accommodate all six patrol boats and small boats operated by Station San Juan and Marine Safety Office personnel.

Benefits: Efficiency and effectiveness of the 287 Coast Guard personnel stationed in Puerto Rico will improve, when they are provided with adequate and functional spaces in which to work. Similar or interdependent activities can be relocated and consolidated to improve both personnel and vehicle traffic flow and density. Maintenance resources can be shifted from repairing support buildings to maintaining operational units. Mission performance will improve as a result of increased and more timely support. Travel between San Juan and Roosevelt Roads will be avoided, as will the requirement to improve pier and shore side facilities for the five patrol boats moored at Roosevelt Roads.

Project Accomplishments: Not Applicable.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	32	5	170	0	207
PLANNED	42	5	240	0	287*

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
NONE		

***Increase reflects addition of crews on 5 110' patrol boats currently moored at Roosevelt Roads.**

DEPT. OF TRANSP., USCG, CGHQ-4265 (REV. 6-90)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE BASE SAN JUAN, PR – RECONSTRUCTION – PHASE I (CONT'D)	NEAREST CITY & CONGRESSIONAL DISTRICT SAN JUAN, PR	AMOUNT REQUESTED $10,750,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	10,750
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	12,600
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	12,600

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	LS	----	550
2. Sitework	LS	----	750
3. Utilities	LS	----	450
4. Building Construction	SF	53,700	9,000
TOTAL			10,750

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE BASE ST. LOUIS FLOOD RECOVERY – CONSTRUCT BASE AND GROUP FACILITIES	NEAREST CITY & CONGRESSIONAL DISTRICT GRANITE CITY, IL-12TH	AMOUNT REQUESTED $9,000,000

Reason for request: To construct replacement shore facilities for Base St. Louis and Group Upper Mississippi River which are fully functional, habitable, safe/protected, properly sized, and not flood susceptible.

Description of problem or need: Severe flooding in July and August 1993, forced abandonment of Base St. Louis and rendered most buildings uninhabitable. Resources for providing "outside" flood response and assistance were diverted back to the Base for protection of Government due to flooding of the Base facilities. The Group office in Keokuk was also inundated by flooding which crippled vital Group operations, severely damaged facilities, and forced relocation to temporary leased facilities. Extensive repairs are needed at both sites. Both sites remain susceptible to future flooding as both sites have experienced flooding on at least three previous occasions.The existing 40 year old obsolescence, and the ground water table below the Base site is contaminated as a result of leaching pollutants from adjacent industrial activities. Base mooring facilities and vessels are occasionally damaged by barges which break loose from a major commercial mooring up-river. Base transport and handling of aids to navigation (ATON) buoys are inefficient and less safe due to poor facility layout and fixed loading equipment deficiencies. Both the Base and Group office are physically crowded due to disparities between existing facilities and current design standards.

Description of solution: Construct a new Base St. Louis facility at the U.S. Army Melvin Price Support Center, which is located across the river in Granite City, IL. Facilities will include: (1) a new 30,288 square foot support building with facilities for admininstration, messing, unaccompanied personnel housing, industrial shops and Base/vessel storage, and (2) a 600 foot waterfront mooring capable of mooring two river buoy tenders (WLRs) with all associated ATON loading facilities.

Benefits: Base St. Louis will have shore facilities which are no longer susceptible to flooding, and the Base and Group will be able to meet their operational, logistical and engineering support needs. Operational/industrial support response of the Base during flooding situations, other natural disasters, pollution incidents and reserve mobilization will be greatly improved. The new moorings site will be much less susceptible to damage caused by break-away commercial barges. Provides significantly improved working and living conditions for assigned personnel. Efficiency of Base ATON operations will improve. The new 11 acre site has room for future expansion if needed, and based on available information, does not have any environmental restrictions.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	4	5	94	7	110
PLANNED	4	5	94	7	110

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
NONE		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	9,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE BASE ST. LOUIS FLOOD RECOVERY – CONSTRUCT BASE AND GROUP FACILITIES	NEAREST CITY & CONGRESSIONAL DISTRICT GRANITE CITY, IL–12TH	AMOUNT REQUESTED $9,000,000

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	----	----	640
2. Sitework	----	----	677
3. Exterior Utilities	----	----	520
4. Buildings – New Construction	SF	30,288	3,750
5. Waterfront Construction	----	----	2,700
6. Outfitting	----	----	200
7. Electronics	----	----	100
8. Other -- relocation costs, design/permit fee	----	----	413
TOTAL			9,000

DEPT. OF TRANSP., USCG, CGHQ-4265 (REV 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

PROJECT TITLE BASE HONOLULU, HI – ELECTRICAL SYSTEM IMPROVEMENTS	NEAREST CITY & CONGRESSIONAL DISTRICT HONOLULU, HI – 1ST	AMOUNT REQUESTED $1,950,000

Reason for request: To replace Base Honolulu's 5 Kilovolt (KV) and 12 KV electrical distribution system with a modern 15 KV system to more efficiently meet existing and future electrical power needs. The Base requires a primary electrical system to supply sufficient and reliable electrical power to all buildings and vessels/small boats shore ties.

Description of problem or need: Eleven Coast Guard units are located at Base Honolulu. They include Coast Guard cutters Rush, Jarvis, Mallow, Sassafras, and Washington; Group and Station Honolulu; and Aids to Navigation Team and Industrial, Electronic and Naval Engineering Support Units. Base Honolulu also provides logistics and maintenance support for all Coast Guard ships and boats stationed in the Pacific, plus Coast Guard cutters from Alaska while they perform required training at the Naval Fleet Training Group at Pearl Harbor, HI. Sufficient electrical infrastructure is required to maintain existing shoreside and cutter support activities. The existing electrical distribution system is fifty years old, is technically obsolete, is in poor condition, and is rapidly becoming unsupportable. The existing system contains potentially hazardous grounding deficiencies which may result in power and injury losses. Eighty percent of Base Honolulu's electrical distribution system is badly deteriorated, undersized to meet power demands, and requires constant repair. The existing 5 KV and 12 KV transformers are the end of their economic life of 50 years.

Description of solution: Replace obsolete 5 KV and 12 KV transformers and feeder sections of the existing electrical distribution system with more efficient 15 KV electrical power transfer system and state-of-art switching and control systems. Replace deteriorated high voltage cable to eliminate safety hazards and possible brownouts, cause by insulation break down during inclement weather.

Benefits: Increase operational reliability of CG 24 hour response facility, eliminate a safety hazard, and improve reliability of electrical system to support Search and Rescue (SAR), Aids to Navigation (ATON), and Marine Safety Office (MS) missions. Improve efficiency and response effectiveness by having fewer power outages.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	11	1	98	31	141
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Consolidated Supply Facility	1993	5,200
Group Operations/Communications/Administration Building	1993	3,700

SUMMARY ($000)

AMOUNT OF THIS REQUEST	1,950
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	---
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	28,500

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition (transformer and cable removal)	LS		250
2. Sitework (trenching, conduit)	LS		500
3. Electrical Utilities	LS		1,200
TOTAL			1,950

FISCAL YEAR		
1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE ATLANTIC STRIKE TEAM – CONSTRUCT MAINTENANCE AND EQUIPMENT STORAGE FACILITY	NEAREST CITY & CONGRESSIONAL DISTRICT FT DIX, NJ – 13TH	AMOUNT REQUESTED $5,000,000

Reason for request: To construct an adequate pollution response equipment storage and maintenance facility for the Atlantic Strike Team at Fort Dix, New Jersey.

Description of problem or need: The Atlantic Strike Team was commissioned on September 5, 1991. The Strike Team uses open air storage and excess Army motor pool facilities for limited storage and as temporary maintenance areas. The Army motor pool facilities are in very poor condition. The facilities are severely overcrowded and working conditions are unsafe. The existing temporary facilities do not meet safety requirements for use of tools and equipment needed to properly maintain pollution response equipment, which must be kept ready for immediate deployment. The existing temporary facilities have inadequate ventilation, inadequate fire protection and inadequate security. Inadequate storage and maintenance of response equipment will result in rapid degradation of response capabilities due to equipment failure and excessive maintenance requirements resulting from continuous exposure to the elements (humidity, freezing, excessive temperatures, etc.). Moreover, inadequate facilities make working conditions extremely difficult. There are no adequate commercial or government facilities available for suitable long term storage, maintenance or security of major pollution response equipment.

Description of solution: Construct a suitable storage and maintenance facility on government-owned property at Fort Dix, New Jersey. The facility will be able to provide humidity-controlled storage for three semi-tractors, four 48-foot oil recovery ready load trailers, two 48-foot mobile command posts, two 48-foot Vessel of Opportunity Skimming Systems, six 48-foot equipment response trailers and other associated pollution response equipment. In addition, an open bay maintenance area, welding, electric, carpenter and rigging shops, and personnel support spaces will be included in the facility.

Benefits: The facility will provide adequate storage to protect the expensive pollution response equipment from pre-mature environmental degradation, theft and vandalism. The planned facility will also include adequately sized maintenance spaces which meet all federal safety and health regulations and will permit efficient preventative maintenance, servicing, and repair of response equipment. Overall, the ability of the Atlantic Strike Team to effectively respond to pollution incidents will be enhanced.

IMPACT ON OPERATIONS AND/OR MAINTENANCE STAFFING

(NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	4	3	28	0	35
PLANNED	NO CHANGE				

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
NONE		

SUMMARY ($000)

AMOUNT OF THIS REQUEST	5,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS PROJECT	—
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	—

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Demolition	LS		30
2. Sitework	LS		830
3. Exterior Utilities	LS		170
4. Building Construction	SF	37,600	3,840
5. Outfitting	LS		120
6. Electronics	LS		10
TOTAL			5,000

DEPT. OF TRANSP., USCG, CGHQ-4285 (REV. 6-90)
(PF 6-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE WATERWAYS SHORT RANGE AIDS PROJECTS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $5,500,000

Reason for Request: This request will allow the Coast Guard to maintain the Maritime Transportation System aids to navigation (ATON) infrastructure and make improvements to ATON which have become inadequate because of changes in waterway usage or for U. S. Army Corps of Engineers projects which extend or improve the navigable waters of the United States.

Description of Problem or Need: The United States Maritime Transportation System is an integral part of the Nation's intermodal transportation network. It serves a multitude of recreational, commercial and military users. More than 17 million recreational boaters and over two billion tons of cargo move into and out of U. S. ports over the Nation's waterways each year. To facilitate the safe, efficient and environmentally sound use of these waterways, the U. S. Coast Guard manages the most extensive and sophisticated system of aids to navigation in the world.

Requirements for aids to navigation (ATON) vary widely based on the nature of waterway traffic in each particular location. The Coast Guard's Waterways Analysis and Management System (WAMS) provides a systematic process for identifying a waterway's ATON requirements, in consultation with waterways users, local port authorities, and other government agencies. Every waterway is periodically reviewed using the WAMS process to validate the adequacy of its ATON system.

WAMS studies have identified deficiencies resulting from increases and changes in traffic, hazardous cargo, vessel size and U. S. Army Corps of Engineers (ACOE) projects.ACOE projects which open new waterways or improve channels require more ATON to facilitate safe transit of these new/improved channels. The ACOE uses an extensive benefit/cost analysis to determine their priority for these projects.

Coast Guard waterways projects are prioritized as follows: (1) ATON required in support of the Department of Defense; (2) Improvements in waterways in which ATON deficiencies have been identified as the primary cause of marine incidents; (3) ATON required for ACOE projects which open new waterways; (4) ATON required because of major changes in waterway usage due to improved shoreside port facilities; (5) Aids for ACOE projects which improve waterways, the full benefit of which would not be realized without improved aids; and (6) Improvements in waterways which have been recommended as a result of the WAMS process.

Description of Solution: Install buoys and fixed structures to provide a safe and efficient aids to navigation system. Projects are based on Corps of Engineers channel designs or on WAMS identified deficiencies. They improve services and make changes necessitated by acts of nature. Primary projects include improving navigation in the Upper Chesapeake Bay, the Hudson River, the Houston ship channel, and Woods Hole, MA.

Waterways projects require the purchase of buoys, lighting and power systems, design and construction of fixed structures and land acquisition where placement of structures in the water is not practicable. Due to the extensive nature of some of these projects, and the long lead time for design and construction, many projects are carried out over a period of several years. There is currently a backlog of more than $20 million of approved ATON infrastructure projects.

Benefits: Maintaining an adequate ATON infrastructure for the Maritime Transportation System has a direct impact on national security and the social and economic viability of the Nation's ports and waterways. Enhancements reduce the potential for life/environment-threatening and costly accidents. Projects will also reduce restrictions on some types of vessels now required due to inadequate ATON system. Failure to maintain this infrastructure would negate the investments local authorities have made in port improvements and the Nation would not realize full benefit of ACOE projects to improve deep-craft channels.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING
(NON AC&I FUNDED)

	OFF WRNT ENL CIV TOTAL
CURRENT	NOT APPLICABLE
PLANNED	NOT APPLICABLE

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE WATERWAYS SHORT RANGE AIDS PROJECTS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $5,500,000

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Waterways Aids-to-Navigation Projects	*1990	6,000
Waterways Aids-to-Navigation Projects	1991	7,000
Waterways Aids-to-Navigation Projects	1992	4,000
Waterways Aids-to-Navigation Projects	1993	4,000
Waterways Aids-to-Navigation Projects	1994	4,000

SUMMARY ($000)

AMOUNT OF THIS REQUEST	5,500
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS PROJECT	20,000
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	-----

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	ESTIMATED COST QTY	ESTIMATED COST ($000)
1. Establish new/improved aids-to-navigation to mark Corps of Engineers improved waterways	LS	---	5,500

*Reflects 0.3% Byrd Amendment (P.L. 101-164) reduction

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS		
PROJECT TITLE OVERSEAS LORAN-C CLOSURE PHASE II		NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $13,900,000

Reason for Request: As of January 1, 1995, there will no longer be a need for the U.S. Coast Guard to operate overseas Loran-C stations. These stations will be turned over to the host nations, according to the desires of each nation, or the station will be closed and the site restored according to agreements signed between the U.S. and the host nation. This request addresses the turnover of seven stations, the restoration of four stations, and closure of the central office in the European theater.

Description of Problem or Need: The Coast Guard operates overseas Loran-C solely to satisfy Department of Defense (DOD) requirements for long range radionavigation. DOD has advised the Coast Guard that these requirements will expire on January 1, 1995. At that time, DOD's overseas navigational and timing needs will be met by the Global Positioning System (GPS). Without DOD requirements, there will no longer be a need or justification for the Coast Guard to operate overseas Loran-C.

Description of Solution: The Coast Guard will offer its overseas Loran-C stations to the host nations. The Coast Guard has been granted Circular 175 authority from the Department of State to negotiate the transfer of ownership of each station to its host nation. Turnover expenses are limited to removal of selected government equipment and personal property. If a host nation does not want a station, that station will be closed, and the site restored to the extent negotiated. Restoration expenses include complete removal or demolition of U.S. facilities plus remediation of all contaminated property.

Benefits: Transferring ownership of a station to its host nation will save tax dollars by avoiding the need to restore the site, since the cost estimates for site restoration can run as high as $5,000,000 per site. Closure of these overseas Loran Stations and Activities Europe will result in a recurring savings of $20M in operating expenses.

IMPACTS ON OPERATIONS AND/OR MAINTENANCE STAFFING: (NON AC&I FUNDED)

	OFF	WRNT	ENL	CIV	TOTAL
CURRENT	15	7	68	0	90*
PLANNED	0	0	0	0	0

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
OVERSEAS LORAN-C CLOSURE	1994	1,500

SUMMARY ($000):

AMOUNT OF THIS REQUEST	13,900
ESTIMATED FUTURE COST NEXT FOUR YEARS -THIS PROJECT	-----
ESTIMATED FUTURE COST NEXT 4 YEARS - THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR:

ITEM NO.	MEASURE	QTY	ESTIMATED ($000)
1. Turn over Loran-C Station Estartit, Spain	EA	1	300
2. Turn over Loran-C Station Sellia Marina, Italy	EA	1	300
3. Turn over Loran-C Station Lampedusa, Italy	EA	1	300
4. Turn over Loran-C Station Bo, Norway	EA	1	300
5. Turn over Loran-C Station Edje, Faeroe Islands (Danish)	EA	1	300
6. Turn over Loran-C Station Jan Mayen, Norway	EA	1	300
7. Turn over Loran-C Station Sylt, Germany	EA	1	300
8. Restore Loran-C Station Sandur, Iceland	EA	1	5,000
9 Restore Loran-C Station Angissoq, GreenLand	EA	1	5,000
10. Restore Loran-C Monitor Station Shetlands, Scotland.	EA	1	500
11. Restore Loran-C Control Station Keflavik, Iceland	EA	1	300
12. Close ACTEUR Office, London, England	EA	1	1,000
	TOTAL		13,900

*** Continuing mission billets to support continuing missions (Marine Inspection/Omega Navigation)**

DEPT. OF TRANSP., USCG, CGHQ-4265 (REV. 6-80)
(PF G-CPA)

FISCAL YEAR 1995	ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS	
PROJECT TITLE PERSONNEL AND RELATED COSTS	NEAREST CITY & CONGRESSIONAL DISTRICT VARIOUS	AMOUNT REQUESTED $45,000,000

Reason for Request: To provide funding for salaries, travel and support of 757 personnel in the Acquisition, Construction, and Improvements (AC&I) appropriation. Planning, design, engineering, contracting, inspection/quality control, provisioning and administrative resources are required to ensure successful program performance.

Description of Problem or Need: AC&I funded personnel and related expenses are essential to the effective and timely execution of the AC&I program. Expenses include salaries, standard personnel support costs, and miscellaneous supplies, equipment, and support services.

Description of Solution: Provide an appropriate workforce and resources to effectively manage ongoing AC&I projects as well as to successfully execute the additional requirements of the FY 1995 AC&I program. The continuously changing composition of the AC&I workload requires an equally dynamic workforce and support structure. The workforce and support resources requested will adequately meet the needs of the anticipated workload as described in this and prior year AC&I budgets.

Benefits: The effective execution of Coast Guard AC&I projects. This line item provides the required resources for AC&I planning, design, engineering, contracting, project management, quality assurance and logistics support to insure that quality products and services of the AC&I program are provided on time and at minimum cost.

IMPACTS ON AC&I FUNDED STAFFING

	CURRENT	PLANNED
MILITARY	386	432
CIVILIAN	318	325
TOTAL FULL TIME POSITIONS (FTP)	704	757
TOTAL FULL TIME EQUIVALENCY (FTE)	677	693

APPROPRIATION HISTORY

PROGRAM	YEAR	AMOUNT ($000)
Personnel and related costs	1990	*7,547
Personnel and related costs	1991	**30,536
Personnel and related costs	1992	34,000
Personnel and related costs	1993	36,000
Personnel and related costs	1994	41,615

SUMMARY ($000)

AMOUNT OF THIS REQUEST	45,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	168,000
ESTIMATED FUTURE COST NEXT 4 YEARS – THIS FACILITY	---

COST ESTIMATE OF WORK TO BE FUNDED THIS YEAR

ITEM NO.	MEASURE	QTY	ESTIMATED COST ($000)
1. Personnel compensation and benefits	LS	---	37,000
2. Personnel support costs	LS	---	6,000
3. Misc. equipment, materials, travel and support services	LS	---	2,000
	TOTAL		45,000

*Reflects 0.3% Byrd Amendment (P.L. 101-164) reduction. In addition, excludes $8,400,000 of prior year funds made available by P.L. 101-164 dated November 21, 1989.

**In addition to the $30,536,000 appropriated in P.L. 101-516 for the Personnel and Related Costs subaccount, Coast Guard was authorized to transfer funds into this subaccount from other subaccounts in the AC&I appropriation to cover personnel compensation and benefits for a maximum of 586 FTE's.

DEPT. OF TRANSP., USCG. CGHQ-4265 (REV. 6-80)
(PF G-CPA)

ENVIRONMENTAL COMPLIANCE AND RESTORATION

For necessary expenses to carry out the Coast Guard's environmental compliance and restoration functions under chapter 19 of title 14, United States Code, [$22,600,000] *$25,000,000*, to remain available until expended. (*Department of Transporation and Related Agencies Appropriations Act, 1994*; `additional authorizing legislation to be proposed`.)

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ENVIRONMENTAL COMPLIANCE AND RESTORATION ACCOUNT

Program and Financing (in thousands of dollars)

Identification code: *69-0230-0-1-304*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Program by activities:			
10.00 Total obligations	21,779	22,600	25,000
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-3,062	-3,283	-3,283
24.40 Unobligated balance available, end of year: Treasury balance	3,283	3,283	3,283
40.00 Budget authority (appropriation)	22,000	22,600	25,000
Relation of obligations to outlays:			
71.00 Total obligations	21,779	22,600	25,000
72.40 Obligated balance, start of year: .... Treasury balance................................	15,681	17,174	20,846
74.40 Obligated balance, end of year .... Treasury balance................................	-17,174	-20,846	-24,993
77.00 Adjustments and expired accounts..............	86	...	...
90.00 Outlays	20,372	18,928	20,853

COAST GUARD -- Environmental Compliance and Restoration Account

PROGRAM AND PERFORMANCE

The Environmental Compliance and Restoration account provides resources to the Coast Guard to carry out its environmental compliance and restoration responsibilities resulting from the construction and operation of former and current Coast Guard facilities.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ENVIRONMENTAL COMPLIANCE AND RESTORATION ACCOUNT

Object Classification (in thousands of dollars)

Identification code: *69-0230-0-1-304*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Personnel compensation:			
11.1	Full-time permanent	2,394	2,826	2,889
11.5	Other personnel compensation	38	45	45
11.7	Military personnel	656	684	704
11.9	Total personnel compensation	3,088	3,555	3,638
12.1	Civilian personnel benefits	585	690	706
12.2	Military personnel benefits	25	26	27
21.0	Travel and transportation of persons	607	615	693
22.0	Transportation of things	9	9	10
24.0	Printing and reproduction	18	18	21
25.2	Other services	17,058	17,293	19,461
26.0	Supplies and materials	207	210	236
31.0	Equipment	5	5	6
32.0	Land and structures	177	179	202
99.9	Total obligations	21,779	22,600	25,000

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ENVIRONMENTAL COMPLIANCE AND RESTORATION ACCOUNT
Personnel Summary

Identification code: *69-0230-0-1-304*	*1993 actual*	*1994 estimate*	*1995 estimate*
Direct:			
Military: Total compensable workyears:			
Full-time equivalent employment	7	11	11
Civilian: Total compensable workyears:			
Full-time equivalent employment	47	62	61

U.S. COAST GUARD
Justification
Environmental Compliance and Restoration 69-0230-0-1-304

Executive Order 12088 and federal, state, and local environmental laws and regulations require site restoration and compliance related actions throughout the Coast Guard, including: leak detection retrofits for underground storage tanks; additional wastewater treatment; air pollution emission controls; restoration of contaminated ground water and soils; waste minimization; and pollution prevention.

Fiscal Year 1995 funding of $25,000,000 is requested. Detailed explanations are included in the following three categories:

1. CLEANUP AND RESTORATION PROJECTS AND ACTIVITIES $10,564,000

The Coast Guard will continue its policy of addressing the most serious contamination problems first, including continuation of efforts started during the FY 1994 EC&R program. Due to uncertainties in levels of contamination found at each site, and potential state enforcement actions, costs and timing may vary. Individual cleanup and remediation projects, with estimated FY 1995 costs exceeding $500,000, are listed below. This funding request supports one year of restoration at each site, not the total funding necessary to complete all cleanup actions at each site.

($000)

a. Air Station Cape Cod, MA; Installation Restoration Program $1,000

Air Station Cape Cod is a co-tenant with Otis Air National Guard (ANG) and Camp Edwards at the Massachusetts Military Reservation (MMR) located in Cape Cod, MA. The ANG Bureau Headquarters at Andrews Air Force Base, MD is leading the Installation Restoration Program (IRP) for 52 contaminated sites at the MMR; five of these sites have been identified as being the responsibility of the Coast Guard. Under the terms of a Federal Facilities Agreement, the Coast Guard will provide its proportionate share of the annual remedial design costs for all of the sites. This design work is being accomplished beginning with the areas that present the greatest potential for risk to human health and the environment. We expect remedial action to be underway at the Coast Guard sites by fiscal year 1995. Remedial action will continue beyond the year 2000, followed by several years of post-closure site monitoring.

1. CLEANUP AND REMEDIATION ACTIVITIES (Continued)

($000)

b. Support Center Kodiak, AK: Underground Storage Tank Replacement $524

This project will bring all underground storage tanks (USTs) at Support Center Kodiak into compliance with the Resource Conservation and Recovery Act (RCRA) and State of Alaska requirements (there are approximately 28 regulated USTs at the Support Center). Funds are for tank removal, demolition and disposal, installation of new tanks meeting current regulatory requirements, and cleanup of those sites where USTs may have caused contamination.

c. Support Center Kodiak, AK: Nymans Peninsula RCRA Cleanup $1,000

The fuel farm on Nymans Peninsula is an Area of Concern in the Consent Order issued to the Support Center by the State of Alaska. At one time, there was over 6 million gallons of fuel storage capacity on the peninsula. Most of the underground and above ground storage tanks are now inactive, but there are numerous sites where petroleum products appear to saturate the soil. The area is currently undergoing a RCRA Facility Investigation/Corrective Measures Study (RFI/CMS) that will establish the extent of contamination and appropriate restoration measures. Fiscal year 1995 funds will be used for the RCRA Corrective Measures Implementation (design and restoration) of the area. Several years of post-closure monitoring will follow.

d. Support Center Kodiak, AK: MOGAS Site Closure $1,500

300,000 gallons of hazardous waste, caused by leaking underground storage tanks, have been removed, and a RCRA RFI/CMS is currently being conducted. Fiscal year 1995 funds are for the RCRA Corrective Measures Implementation.

e. Support Center Elizabeth City, NC: Remediate Fuel Farm $790

A now-abandoned fuel farm has leaked an unknown quantity of fuel into the ground. Remedial design for this contaminated site began in fiscal year 1993. Fiscal year 1995 funds will provide for the remedial design, restoration and monitoring of the site.

1. CLEANUP AND REMEDIATION ACTIVITIES (Continued)

($000)

f.	Support Center Elizabeth City, NC; Investigation of Solid Waste Management Unit	$650

Investigation of approximately 36 RCRA Solid Waste Management Units (SWMUs) continued into fiscal year 1994 and may continue into fiscal year 1995. Contaminated sites will be cleaned up and monitored in accordance with state-approved closure plans.

g.	Air Station Brooklyn, NY; JP-4 Fuel Farm Remediation	$600

The leaking JP-4 fuel tanks have been demolished, and free product is currently being pumped from the soil and groundwater. Funds are for the remediation of the contaminated soil and groundwater after all of the free product has been removed.

h.	Aids to Navigation (ATON) Battery Cleanup, Agency-wide	$1,500

Provides funding for the cleanup of ATON batteries at various terrestrial and marine sites throughout the costal and inland waters of the U.S. Funds will be used to address those sites posing the greatest threat to the environment and/or where the Coast Guard faces enforcement actions by state and federal regulators.

i.	Various Sites Under $500K each	$3,000

There are approximately 129 small, contaminated sites with estimated Fiscal year 1995 restoration-related costs of less than $500K each.

2.	ENVIRONMENTAL COMPLIANCE PROGRAMS AND ACTIVITIES	$9,436,000

Provides funding for compliance activities at Coast Guard shore facilities, vessels, and aircraft, including: complying with federal and state underground storage tank regulations; performing environmental compliance evaluations of shore facilities; hazardous waste minimization, complying with the ban/limitation on disposal of plastic and other refuse at sea (Marine Plastic Pollution Research and Control Act of 1987), and the more stringent emissions requirements of the 1990 amendments to the Clean Air Act. Also provided for are: training of personnel, Comprehensive Environmental Response Compensation and Liability Act (CERCLA) Third Party Site costs, and program management and administrative costs including statutory reporting requirements.

2. ENVIRONMENTAL COMPLIANCE PROGRAMS AND ACTIVITIES (Continued)

($000)

a. Small compliance projects, Agency-wide $1,550

Funds compliance projects under $500K at various shore units. Examples include required leak detection devices for USTs storm water control/treatment, battery removl and disposal from aquatic aids to navigation sites, and radon and asbestos abatement projects.

b. Compliance Activities, Agency-Wide $1,696

Includes pollution prevention, waste minimization (material substitution/process changes), training, environmental compliance evaluations, program administration, and various programmatic compliance activities.

c. Vessel Compliance, Agency-wide $3,088

Funds will provide for: CFC-12 equipment and systems conversion ($1,588K), Polar class icebreaker waste handling system ($1,000K), and cutter engine modifications to meet emission limits ($500K).

d. CERCLA Third Party Site Costs $3,102

Funding for the CG share of assessments, administration, and cleanup of CERCLA Third Party Sites (non CG-owned hazardous waste sites where the CG and other parties were found to have contributed wastes).

3. PERSONNEL $5,000,000

Reduction of one full time position. Funds provide for the remaining 72 full time billets and positions.

	FTP		FTE	
	Mil	Civ	Mil	Civ
FY 1994 Base...........	11	62	11	62
FY 1995 Request:	11	61	11	61
Annualization..	0	0	0	0
New............	0	-1	0	-1
TOTALS.........	11	61	11	61

[ALTERATION OF BRIDGES]

[For necessary expenses for alteration or removal of obstructive bridges, $12,940,000, to remain available until expended.] *(Department of Transportation and Related Agencies Appropriations Act, 1994.)*

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ALTERATION OF BRIDGES

Program and Financing (in thousands of dollars)

Identification code: *69-0244-0-1-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Program by activities:			
10.00	Total obligations (object class 25.2)	12,596	12,964	...
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	-20	-24	...
24.40	Unobligated balance available, end of year: Treasury balance	24	...	...
40.00	Budget authority (appropriation)	12,600	12,940	...
	Relation of obligations to outlays:			
71.00	Total obligations	12,596	12,964	...
72.40	Obligated balance, start of year	27,756	33,603	22,397
74.40	Obligated balance, end of year	-33,603	-22,397	-9,492
90.00	Outlays	6,749	24,170	12,905

Note: Outlays may not add due to rounding.

COAST GUARD -- Alteration of Bridges

PROGRAM AND PERFORMANCE

This appropriation provides the Government's share of the costs for altering or removing bridges determined to be obstructions to navigation. Beginning in 1995, the Coast Guard will no longer seek direct funding for alteration of highway bridges determined to be unreasonably obstructive under the Truman-Hobbs Act of 1940 as amended, (33 U.S.C. 511 et seq.). The Federal share of such projects will be financed from bridge program funds of the Federal Highway Administration, under the continuing program direction of the Coast Guard.

Coast Guard will continue to seek direct funding for the Federal share of the necessary alteration of railroad bridges. In FY 1995, no direct funding is requested from this appropriation.

U.S. COAST GUARD
Justification
Alteration of Bridges: 69-0244-0-1-403

Bridges to be altered generally were built with vertical and/or horizontal clearances which now unreasonably restrict free navigation on navigable waters of the United States. Administrative costs associated with this program are funded from "Operating Expense."

Beginning in 1995, the Coast Guard will no longer seek direct funding for alteration of highway bridges determined to be unreasonably obstructive under Truman-Hobbs Act of 1940, as amended (33 U.S.C. 511 et seq.). The federal share of such projects will be financed from the discretionary bridge program funds of the Federal Highway Administration (FHWA), under the continuing program direction of the Coast Guard. Coast Guard will continue to seek direct funding for the federal share of necessary alteration to railroad bridges. Since all projects to be funded this fiscal year are highway bridges, no direct funding is requested from this appropriation in FY 1995.

RETIRED PAY

For retired pay, including the payment of obligations therefor otherwise chargeable to lapsed appropriations for this purpose, and payments under the Retired Serviceman's Family Protection and Survivor Benefits Plans, and for payments for medical care of retired personnel and their dependents under the Dependents Medical Care Act (10 U.S.C. ch. 55), [$548,774,000] *$562,585,000. (Department of Transportation and Related Agencies Appropriations Act, 1994.)*

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RETIRED PAY

Program and Financing (in thousands of dollars)

Identification code: *69–0241–0–1–403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Program by activities:			
00.01	Regular military personnel	419,199	444,353	467,830
00.02	Former Lighthouse Service personnel	1,002	951	900
00.03	Reserve personnel	22,864	25,057	26,730
00.04	Survivor benefit programs	11,825	12,959	14,135
00.05	Medical care	45,260	49,170	52,990
10.00	Total obligations	500,150	532,490	562,585
	Financing:			
25.00	Unobligated balance expiring	19,550	16,284	....
40.00	Budget authority (appropriation).	519,700	548,774	562,585
	Relation of obligations to outlays:			
71.00	Total obligations	500,150	532,490	562,585
72.40	Obligated balance, start of year	63,357	49,993	80,723
74.40	Obligated balance, end of year	–49,993	–80,723	–85,388
77.00	Adjustments in expired accounts	–8,866	....	....
90.00	Outlays	504,648	501,760	557,920

COAST GUARD - Retired Pay

PROGRAM AND PERFORMANCE

This appropriation provides for retired pay of military personnel of the Coast Guard and Coast Guard Reserve, for members of the former Lighthouse Service, and for annuities payable to beneficiaries of retired military personnel under the Retired Serviceman's Family Protection Plan (10 U.S.C. 1431-1446), and the Survivor Benefits Plans (10 U.S.C. 1447-1455); and for payments for medical and dental care of retired military personnel and their dependents under the Dependents Medical Care Act (10 U.S.C., Ch. 55).

The average numbers on the retired rolls are projected to increase by a net of 715 as a result of the part-year effect of 1995 retirements and attritions, and the annualization of 1994 retirements and attritions.

The following tabulation shows the estimated average number of personnel on the rolls during 1993 compared with estimated numbers for 1994 and 1995:

AVERAGE NUMBER

Category	1993 actual	1994 estimate	1995 estimate
Commissioned officers...	4,517	4,677	4,850
Warrant officers........	3,861	3,922	3,994
Enlisted personnel......	16,223	16,460	16,763
Former Lighthouse Service personnel......	41	37	34
Reserve personnel.......	2,550	2,709	2,879
Total..............	27,192	27,805	28,520

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RETIRED PAY

Object Classification (in thousands of dollars)

Identification code: *69-0241-0-1-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
13.0	Benefits for former personnel	454,890	483,320	509,595
25.2	Other services	45,254	49,160	52,980
26.0	Supplies and materials.....................	6	10	10
99.9	Total obligations	500,150	532,490	562,585

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
Digest of Budget Estimates By Activities for Fiscal Year 1995

Appropriation: Retired Pay	*1993 Actual*		*1994 Estimate*		*1995 Estimate*		*Increase/Decrease for 1995*	
	Average Number	*($000) Amount*	*Average Number*	*($000) Amount*	*Average Number*	*($000) Amount*	*Average Number*	*($000) Amount*
Program by activities:								
1. Regular military personnel...............	24,601	419,199	25,059	443,323	25,607	466,620	548	23,297
2. Former Lighthouse Service personnel.................................	41	1,002	37	951	34	900	-3	-51
3. Reserve personnel..........................	2,550	22,864	2,709	25,057	2,879	26,730	170	1,673
4. Survivor benefit program.................	xxx	11,825	xxx	12,959	xxx	14,135	xxx	1,176
5. Medical care, retirees and dependents.	xxx	45,260	xxx	50,200	xxx	54,200	xxx	4,000
Total operating costs, funded.........	27,192	500,150	27,805	532,490	28,520	562,585	715	30,095
Unobligated balance expiring	xxx	19,550	xxx	16,284	xxx	....		
Total appropriation or estimate.......	27,192	519,700	27,805	548,774	28,520	562,585		

Summary Explanation of Changes Requested for Fiscal Year 1995

		($000) AMOUNT BY ACTIVITY				
	Total	*No. 1*	*No. 2*	*No. 3*	*No. 4*	*No. 5*
1. Adjustments to base, built-in changes:						
a. Annualization costs:						
(1) Additions to rolls during 1994 (645 average)................	10,944	9,537	....	818	....	....
(2) Annualization of savings due to attritions from the rolls during 1994 (247 average)...,..............................	-4,383	-4,148	-38	-198	....	....
b. Cost-of-living increase payable effective January 1, 1994 (2.6%)..	6,089	5,759	6	324	....	....
c. Survivor benefit program..	1,176	....	....	....	1,176	....
2. Program changes:						
a. Additions to rolls during 1995 (605 average)......................	9,188	8,745	....	1,033	....	....
b. Savings due to attritions from the rolls during 1995 (288 average)...	-4,718	-4,341	-38	-339	....	....
c. Cost-of-living increase payable effective January 1, 1995 (3.0%)..	7,799	7,745	19	35	....	....
d. Medical care, retirees and dependents............................	4,000	....	....	....	....	4,000
TOTAL CHANGE: 1995 OVER 1994 (Adjusted) APPROPRIATION......	30,095	23,297	-51	1,673	1,176	4,000

COAST GUARD
Justification
Retired Pay: 69-0241-0-1-403

This appropriation provides for retired pay of military personnel of the Coast Guard and Coast Guard Reserve, annuities for members of the former Lighthouse Service, and for payments to their survivors. In addition, this appropriation also provides funding for medical and dental care of retired military personnel and their dependents.

Members are added to the rolls each month as they are voluntarily or involuntarily retired. Members are removed from the rolls during the year, normally due to their deaths. Nonetheless, the normal pattern results in a gradual increase in the retired rolls throughout the years.

Actual and estimated changes to the retirement rolls for the end of fiscal years 1993 through 1995 are as follows:

Change in Numbers on the Retired Rolls

	1993 actual	1994 estimate	1995 estimate
On rolls, Beginning of Year	27,296	27,799	27,909
Additions:			
Regular military personnel:			
Commissioned officers....	197	256	273
Warrant officers.........	121	137	144
Enlisted personnel.......	557	579	602
Reserve personnel.........	204	206	231
Subtotal	1,079	1,178	1,250
Reductions:			
Attritions................	-576	-565	-535
On rolls, End of Year......	27,799	27,909	28,624

COAST GUARD
Justification
Retired Pay: 69-0241-0-1-403

Explanation of Changes Requested for Fiscal Year 1995

The increases requested are based on the annualization of FY 1994 adjustments and anticipated changes in FY 1995. The cost-of-living increases reflected herein are adjusted pursuant to Title II, section 2001 of P.L. 103-66.

FY 1995 Appropriation

	($000)	Average Personnel
Retired Pay	$494,374	27,805
Health Care	54,400	N/A
Total Appropriation, FY 1994	548,774	27,805
technical reestimate	-16,284 1/	N/A
Revised FY 1994 Baseline	532,490	27,805
1. The following are adjustments to the revised FY 1994 Base:		
a. Annualized costs:		
(1) Retirements	10,944	645
(2) Attritions	-4,383	-247
(3) Cost-of-living increase, effective Jan. 1, 1994 (2.6%)	6,089	N/A
b. Survivor benefit program:		
(1) Projected increase in Survivor Benefit payments	1,176	N/A
Subtotal, FY 1994 adjustment	13,826	398
2. The following are the adjustments to the FY 1995 Budget Request based on the new program adjustments that will begin in FY 1995:		
a. Retirements	9,188	605
b. Attritions	-4,718	-288
c. Cost-of-living increase effective Jan. 1, 1995 (3.0%)	7,799	N/A
d. Medical benefits	4,000	N/A
Subtotal, FY 1995 Adjustment	16,269	317
Total, FY 1995 Request	$562,585	28,520

1/ Technical reestimate assumes current trends reflective of lower health care and retirement costs based on actual data and adjustments to estimates originally developed in December, 1992.

RESERVE TRAINING

For all necessary expenses for the Coast Guard Reserve, as authorized by law; maintenance and operation of facilities; and supplies, equipment, and services; [$64,000,000] *$65,032,000. (Department of Transportation and Related Agencies Appropriations Act, 1994.)*

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESERVE TRAINING

Program and Financing (in thousands of dollars)

Identification code: *69-0242-0-1-999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Program by activities:			
Direct Program:			
00.01 Initial training	885	1,000	1,036
00.02 Continuing training	43,122	38,074	39,083
00.03 Operation and maintenance of training facilities	11,171	7,844	7,630
00.04 Administration	17,555	17,082	17,283
00.91 Total direct program	72,733	64,000	65,032
01.01 Reimbursable program	69	80	80
10.00 Total obligations	72,802	64,080	65,112
Financing:			
25.00 Unobligated balance expiring	267	....	....
39.00 Budget authority (gross)	73,069	64,080	65,112

Budget Authority:			
Current:			
40.00 Appropriation	23,000	64,000	65,032
42.00 Transferred from other accounts	50,000	....	....
43.00 Appropriation (total)	73,000	64,000	65,032
Permanent:			
68.00 Spending authority from offsetting collections (new)	69	80	80

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESERVE TRAINING

Program and Financing (in thousands of dollars) p.2

Identification code: *69-0242-0-1-999*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Relation of obligations to outlays:			
71.00	Total obligations	72,802	64,080	65,112
72.40	Obligated balance, start of year	2,704	7,936	8,320
74.40	Obligated balance, end of year	−7,936	−8,320	−8,454
77.00	Adjustments in expired accounts	−1,552	....	....
87.00	Outlays (gross)	66,018	63,696	64,978
	Adjustments to budget authority and outlays:			
88.00	Deductions for offsetting collections: Federal funds	−69	−80	−80
89.00	Budget authority (net)	73,000	64,000	65,032
90.00	Outlays (net)	65,949	63,616	64,898

PROGRAM AND PERFORMANCE

The Coast Guard Reserve Forces provide qualified individuals and trained units for active duty in the event of conflict, national emergency, or natural and man-made disasters. The reservists maintain their readiness through realistic coordinated mobilization exercises, formal military training and duty alongside regular Coast Guard members during routine and emergency operations. The 1995 Selected Reserve program level will support a fully funded strength of 7,000.

DAYS OF TRAINING

	1993 actual	1994 estimate	1995 estimate
Initial training:			
Initial active duty for training....	19,485	19,500	28,950
Continuing training:			
Selected Reserve (with pay):			
Active duty training..............	89,355	90,000	78,750
Drill training....................	233,787	189,750	161,000
Other Ready Reserve (without pay):			
Active duty for training..........	6,970	1,000	1,000
Drill training....................	7,554	7,500	7,500

(Continued on next page)

PROGRAM AND PERFORMANCE p.2

The table below shows the personnel strength in the various Reserve categories at the end of 1993, 1994, and 1995.

PERSONNEL IN THE COAST GUARD RESERVE 1/

	1993 actual	1994 estimate	1995 estimate
1. Ready Reserve:			
a. Selected			
(1) Initial training 2/..........	106	50	100
(2) Continuing training: Drill pay strength.........	9,235	7,950	6,900
Subtotal, Selected Reserve......	9,341	8,000	7,000
b. Individual Ready Reserve.......	8,130	9,200	10,000
Subtotal Ready Reserve..........	17,471	17,200	17,000
2. Standby Reserve:			
a. Active Status.................	2	5	5
b. Inactive Status................	677	675	675
Subtotal, Standby Reserve.......	679	680	680
Total 1/.........................	18,150	17,880	17,680

1/ Excludes Reserve personnel on extended active duty and in the Retired Reserve.

2/ Includes personnel in the second period of the split initial training program.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESERVE TRAINING

Object Classification (in thousands of dollars)

Identification code: *69–0242–0–1–999*		*1993 estimate*	*1994 estimate*	*1995 estimate*
	Direct obligations:			
	Personnel compensation:			
11.1	Full–time permanent	2,728	2,800	2,830
11.3	Other than full–time permanent	8	10	10
11.5	Other personnel compensation	95	70	70
11.7	Military personnel	53,931	46,220	44,052
11.9	Total personnel compensation	56,762	49,100	46,962
12.1	Civilian personnel benefits	611	620	630
12.2	Military personnel benefits	3,841	3,190	6,580
21.0	Travel and transportation of persons	3,073	2,900	2,940
22.0	Transportation of things	519	480	470
23.3	Communications, utilities, and miscellaneous charges	893	920	950
24.0	Printing and reproduction	136	130	130
25.2	Other services	2,912	2,660	2,610
26.0	Supplies and materials	3,347	3,350	3,100
31.0	Equipment	613	620	630
42.0	Insurance claims and indemnities	26	30	30
99.0	Subtotal, direct obligations	72,733	64,000	65,032
99.0	Reimbursable obligations	69	80	80
99.9	Total obligations	72,802	64,080	65,112

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESERVE TRAINING
Personnel Summary

Identification code: *69-0242-1-999*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Direct:			
Military: Total compensable workyears:			
Full-time equivalent employment	570	482	473
Civilian: Total compensable workyears:			
Full-time equivalent employment	102	98	98
Full-time equivalent of overtime and holiday hours	2	2	2

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
RESERVE TRAINING

Budget Authority (dollars in thousands)

	1993 Actual		1994 Enacted		1995 Estimate	
Program by activities:	Full-time perm.pos.	Appro-priation	Full-time perm.pos.	Appro-priation	Full-time perm.pos.	Appro-priation
1. Initial training	....	885	....	1,000	....	1,036
2. Continuing training	....	43,389	....	38,074	....	39,083
3. Operating and maintenance of training facilities	249	11,171	190	7,844	180	7,630
4. Administration	427	17,555	396	17,082	371	17,283
Total appropriation or estimate	676	73,000	586	64,000	551	65,032
(Military)	570		482		447	
(Civilian)	106		104		104	

DEPARTMENT OF TRANSPORTATION
COAST GUARD
FY 1995
RESERVE TRAINING – JUSTIFICATION

		POSITIONS		FTE		($000) CG
CAT	TITLE	MIL	CIV	MIL	CIV	REQUEST
1.	PROGRAM REDUCTIONS					
	A. TERMINATION OF ONE-TIME COSTS	0	0	0	0	–$230
	B. REDUCE SELECTED RESERVE STRENGTH	–35	0	–9	0	–$3,930
	SUBTOTAL, CATEGORY 1	–35	0	–9	0	–$4,160
2.	BUILT–IN CHANGES					
	A. ANNUALIZE FY94 PAY RAISE	0	0	0	0	$707
	B. FY 1995 PAY RAISE	0	0	0	0	$587
	C. NON–PAY COST OF LIVING ADJUSTMENT	0	0	0	0	$189
	D. RESERVE TRANSITION BENEFITS	0	0	0	0	$3,709
	SUBTOTAL, CATEGORY 2	0	0	0	0	$5,192
	TOTAL, CATEGORIES 1 & 2	–35	0	–9	0	$1,032

U. S. COAST GUARD
Justification
Reserve Training: 69-0242-0-1-999

FY 1995
DETAILED EXPLANATION OF CHANGES

1. **PROGRAM REDUCTIONS**:............................ -$4,160,000

a. **Termination of One-time Costs**................ -$230,000

This request will reduce FY 1994 base funding for the one-time costs of outfitting Reserve enlisted members with the new short sleeve uniform shirt that was funded in FY 1994.

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$0	-$230	$0	$0	-$230

b. **Reduce Selected Reserve Strength**.............. -$3,930,000

This request will reduce funding from the FY 1994 base to maintain the funded strength of the Selected Reserve (SELRES) at 7,000 during FY 1995. In addition, this request includes a reduction of 9 FTE, the first part of a phased reduction of 35 corresponding military full-time support billets (FTP).

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$0	-$3,500	-$401	-$29	-$3,930

2. **BUILT-IN CHANGES**:.............................. $5,192,000

a. **Annualization of FY 1994 Pay Raise** $707,000

This request provides annualization of the 2.2% FY 1994 pay raise for 7,000 Selected Reservists, 473 Military full-time support billets, and the Civilian Locality Pay Raise in FY 1995.

(Continued on next page)

2. BUILT-IN CHANGES (Cont)

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$6	$641	$26	$34	$707

b. FY 1995 Pay Raise........................... $587,000

This request provides three-quarter year funding for the FY 1995 proposed 1.6 percent pay increase to become effective January 1, 1995. This request will provide the funding necessary to allow a continued full training program for the current level of 7,000 Selected Reservists and full funding of the FTE for 571 full-time support personnel.

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$21	$257	$128	$181	$587

c. Non-Pay Cost of Living Adjustment.............. $189,000

A government-wide inflation rate of 1.7 percent has been applied to the non-pay portion of this appropriation to provide the funds needed to continue both training and support at FY 1994 program levels in FY 1995.

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$9	$132	$33	$15	$189

d. Reserve Transition Benefits.................... $3,709,000

This request provides funding for the Reserve Transition Benefit entitlements authorized for Coast Guard Selected Reservists being involuntarily separated or retired in FY 1992, 1993, 1994 and 1995 due to downsizing during the established Transition Benefit period October 1, 1991 through September 30, 1999. This amount would fund separation pay for involuntarily separated Reservists having between 6-15 years of service in the Reserve. Payments for those members separated prior to the beginning of FY 1995 would be made retroactive. Authority for these benefits was included in the National Defense Authorization Act for Fiscal Year 1994.

(Continued on next page)

2. BUILT-IN CHANGES (Cont)

Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$0	$3,709	$0	$0	$3,709

Total Amount by Activity ($000)

Initial Training	Continuing Training	O & M for Training Facilities	Administration	Total
$36	$1,009	-$214	$201	$1,032

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

For necessary expenses, not otherwise provided for, for applied scientific research, development, test, and evaluation; maintenance, rehabilitation, lease and operation of facilities and equipment, as authorized by law, [$22,500,000] *$20,310,000*, to remain available until expended, of which [$4,457,000] *$3,150,000* shall be derived from the Oil Spill Liability Trust Fund: *Provided*, That there may be credited to this appropriation funds received from State and local governments, other public authorities, private sources, and foreign countries, for expenses incurred for research, development, testing, and evaluation. *(Department of Transportation and Related Agencies Appropriations Act, 1994*; additional authorizing legislation to be proposed.)

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Program and Financing (in thousands of dollars)

Identification code: *69-0243-0-1-403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Program by activities:			
	Direct Program:			
00.01	Search and rescue	4,591	3,043	3,193
00.02	Aids to navigation	5,042	3,820	2,945
00.03	Marine safety	4,111	4,858	2,466
00.04	Marine environmental protection	8,676	5,294	4,597
00.05	Enforcement of laws and treaties	8,692	6,375	6,598
00.06	Ice operations	702	469	514
00.07	Defense readiness	1,617	453	497
00.91	Total direct program	33,431	24,312	20,810
01.01	Reimbursable program	958	958	958
10.00	Total obligations	34,389	25,270	21,768
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	-9428	-3,812	-2,000
24.40	Unobligated balance available, end of year: Treasury balance	3,812	2,000	1,500
39.00	Budget authority (gross)	28,773	23,458	21,268

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Program and Financing (in thousands of dollars) p.2

Identification code: *69-0243-0-1-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Budget Authority:			
	Current:			
40.00	Appropriation	22,220	18,043	17,160
	Permanent:			
68.00	Spending authority from offsetting collections	6,553	5,415	4,108
	Relation of obligations to outlays:			
71.00	Total obligations	34,389	25,270	21,768
72.40	Obligated balance, start of year: Treasury balance	21,919	23,116	14,774
74.40	Obligated balance, end of year: Treasury balance	-23,116	-14,774	-11,104
87.00	Outlays (gross)	33,192	33,612	25,438
	Adjustments to budget authority and outlays:			
	Deductions for offsetting collections:			
88.00	Federal funds	-958	-958	-958
88.30	Oil spill liability trust fund	-5,595	-4,457	-3,150
88.90	Total, offsetting collections	-6,553	-5,415	-4,108
89.00	Budget authority (net)	22,220	18,043	17,160
90.00	Outlays (net)	26,638	28,197	21,330

COAST GUARD--Research, Development, Test and Evaluation

PROGRAM AND PERFORMANCE

The Coast Guard's Research, Development, Test and Evaluation (R&D) program includes the development of techniques, methods, hardware, and systems which directly contribute to increasing the productivity and effectiveness of Coast Guard's operating missions.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Object Classification (in thousands of dollars)

Identification code: *69-0243-0-1-403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	3,796	3,702	3,439
11.3	Other than full-time permanent	310	302	281
11.5	Other personnel compensation	17	17	15
11.7	Military personnel	2,688	2,315	2,306
11.9	Total personnel compensation	6,811	6,336	6,041
12.1	Civilian personnel benefits	846	825	766
12.2	Military personnel benefits	229	197	196
21.0	Travel and transportation of persons	821	514	439
22.0	Transportation of things	104	65	56
23.2	Rental payments to others	6	4	3
23.3	Communications, utilities, and miscellaneous charges	22	14	12
24.0	Printing and reproduction	14	9	7
25.1	Consulting Services	...	150	175
25.2	Other services	994	1,021	1,039
25.5	Research and Development Contracts	16,253	9,632	7,998
26.0	Supplies and materials	1,074	673	574
31.0	Equipment	662	415	354
99.0	Subtotal, direct obligations	27,836	19,855	17,660
99.0	Reimbursable obligations	6,553	5,415	4,108
99.9	Total obligations	34,389	25,270	21,768

DEPARTMENT OF TRANSPORTATION
COAST GUARD
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION
Personnel Summary

Identification code: 69-0243-0-1-403	1993 actual	1994 estimate	1995 estimate
Direct:			
Military: Total compensable workyears:			
Full-time equivalent employment........	53	48	42
Civilian: Total compensable workyears:			
Full-time equivalent employment........	81	90	82
Full-time equivalent of overtime and holiday hours................................	1	1	1

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION
Budget Authority (dollars in thousands)

	1993 Actual *		1994 Estimate *		1995 Estimate *	
Program by activities:	*Full–time perm.pos.*	*Appro–priation*	*Full–time perm.pos.*	*Appro–priation*	*Full–time perm.pos.*	*Appro–priation*
1. Search and rescue		3,749		2,768		3,117
2. Aids to navigation		4,021		3,494		2,854
3. Marine safety		3,472		4,649		2,408
4. Marine environmental protection		8,167		5,124		4,550
5. Enforcement of laws and treaties		7,367		5,660		6,403
6. Ice Operations		513		410		498
7. Defense readiness		526		395		480
Total appropriation or estimate	155	$27,815	147	$22,500	127	$20,310
(Military)	59		54		42	
(Civilian)	96		93		85	

* *Amounts shown represent a programmatic distribution of funds appropriated for each year. Therefore, they may not correspond to the amounts on lines 00.01–00.07 of the Program and Financing schedule, which consist of direct obligations of both prior year and current year appropriated funds.*

DEPARTMENT OF TRANSPORTATION
COAST GUARD
Research, Development, Test & Evaluation: 69-0243-0-1-403

	Program/Line Item	Page Number	Request ($000)
A.	**Search and Rescue:**		
	1. Improved Search and Rescue Capabilities (ISARC)	197	860
	SUBTOTAL, SEARCH AND RESCUE		860
B.	**Aids to Navigation (ATON):**		
	1. Waterways Safety and Management Research and Development	198-199	1,325
	SUBTOTAL, AIDS TO NAVIGATION		1,325
C.	**Marine Safety:**		
	1. Marine Safety Research	200-201	1,165
	2. Support for the Interagency Ship Structure Committee (SSC)	202	250
	SUBTOTAL, MARINE SAFETY		1,415
D.	**Marine Environmental Protection:**		
	1. Marine Environmental Protection/ Pollution Response	203-204	550
	2. OPA-90 Port Demonstrations and Grants	205	750
	SUBTOTAL, MARINE ENVIRONMENTAL PROTECTION		1,300
E.	**Enforcement of Laws and Treaties:**		
	1. Comprehensive Law Enforcement Capabilities Improvements (COMPLAW)	206	600
	SUBTOTAL, ENFORCEMENT OF LAWS AND TREATIES		600
F.	**Multi-Mission:**		
	1. Servicewide Safety and Environmental Compliance	207-208	1,420
	2. Pre-Acquisition Support	209	600
	3. Increased Human Resource Management Effectiveness	210	375
	4. Information Systems Technology and Development	211-212	2,000
	5. Advanced Communication Technology and Development	213	300
	6. Select Project Research and Development	214	250
	7. Program Support and Operations	215	1,500
	8. Personnel and Related Costs	216	8,365
	SUBTOTAL, MULTI-MISSION		14,810
	TOTAL FY 1995 RDT&E C-STAGE REQUEST		20,310

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA SEARCH AND RESCUE (SAR)	AMOUNT REQUESTED $860,000

PROJECT

IMPROVED SEARCH AND RESCUE CAPABILITIES (ISARC)

INITIATIVE: New technology and improvements in existing products can increase the effectiveness and efficiency of Search and Rescue (SAR). A comprehensive, interactive and committed R&D effort is necessary to ensure that available resources, as well as new and developing technologies, are used optimally.

OBJECTIVES:

- o Increase the probability of success in SAR missions.
- o Complete development of long term R&D plan for the Search and Rescue Program.
- o Improve quality of environmental products used in Computer Assisted SAR Planning (CASP).
- o Enhance search success and failure analysis efforts so that "lessons learned" can be fed back to SAR planners and/or incorporated into existing search planning policy/guidance.
- o Develop and evaluate improved electronic search tools and search planning methods to better define/confine search areas.
- o Study drift characteristics of typical search targets and develop/update ocean current files for all ocean areas for use in search planning.

BENEFITS: SAR effectiveness improvements will result in increasing the number of lives and amount of property saved , while decreasing the cost of Coast Guard SAR operations. Increased SAR efficiency reduces resource use, thus providing additional resource hours for other required missions.

ACCOMPLISHMENTS

FY1993 & PRIOR: Initial development of a prototype air-deployable, Self-Locating Datum Marker Buoy (SLDMB). Developed algorithm to improve CASP use of environmental files to predict search area movement. Revised regional models. Commenced testing and evaluation of Global Positioning System datum marker buoy with real time satellite link. Conducted joint U.S./Canadian work on surface currents derived from satellite imagery. Finished Night Vision Goggles (NVG) planned projects. Completed AN/APS-137 airborne radar sweep width determination.

PLANNED FY1994: Complete long term plan for SAR R&D program. Maintain effort with Canadian Coast Guard under Joint Research Project Agreements (JRPAs). Continue efforts in SAR Operations Planning including satellite imagery analysis for ocean current determination. Conduct leeway analysis of common SAR targets jointly with Canada. Update and annotate SAR reference material and publications. Continue development of SLDMB. Develop CASP environmental files and algorithms.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
Search and Rescue Systems Improvements	1992	1,950
SAR Hovercraft -- Upper Cook Inlet	1992	75
Improved Search and Rescue Capabilities (ISARC)	1993	1,450
Improved Search and Rescue Capabilities (ISARC)	1994	772

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	SAR Operations Planning -- Develop CASP world data set of drifting buoys. Complete development and test and evaluation of Self Locating Datum Marker Buoy. Develop methods/technology to use satellite radar for ocean current determination in near real time. Develop environmental data blending procedures for use by CASP. Continue joint U.S./Canadian efforts in radar imaging of ocean surface currents by satellite (RADARSAT), leeway studies and computerized search planning under current JRPAs	535
2.	Evaluation of SAR platform and sensors– Initiate evaluation of search parameters and performance characteristics of new platforms (47-foot motor life boat and 110-foot patrol boat)	325
	Total	860

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA AIDS TO NAVIGATION	AMOUNT REQUESTED $1,325,000

PROJECT

WATERWAYS SAFETY AND MANAGEMENT RESEARCH AND DEVELOPMENT Page 1 of 2

INITIATIVE: The Oil Pollution Act of 1990 requires that the Coast Guard (CG) to conduct research and development in accordance with the Oil Pollution Research and Technology Plan, which shifts its emphasis from response in the first 2 years to prevention for the remaining years. Aids to Navigation (ATON) research will address many of the prevention aspects of the plan. Funds are needed to research, investigate, and apply new and emerging technologies in navigation, communications, display systems, information systems, information management, electronic charts, electronic navigation systems, advanced signals and platforms, and radionavigation systems in a comprehensive systems level investigation of marine navigation safety and effectiveness in U.S. waterways.

OBJECTIVES:

- Investigate marine navigation issues and technologies that may affect the safety and efficiency of vessel operations on our waterways...Develop the information base required to improved waterway design in the 21st century... Investigate new concepts for managing vessel traffic. Determine the impact of human performance on the use of the various types and combinations of navigation aids.
- Investigate, test, and evaluate emerging technologies and methods that may improve the effectiveness and performance of vessel traffic services (VTS) and enhance port safety and efficiency. Catalog and evaluate factors that influence VTS performance and effectiveness. Address human factors engineering and operations center team concepts.
- Validate the International Maritime Organization (IMO) Provisional Performance Specification (PPS) for Electronic Chart Display Information System (ECDIS) or provide justification for modification. Validate ability for ECDIS Electronic Nautical Charts (ENC) to replace paper charts. Develop information and technology to support regulatory requirements for carriage, navigation, and piloting. Investigate means for automatic chart update. Identify and pursue CG specific ECDIS and Global Positioning System (GPS)/Differential GPS (DGPS) applications. Investigete DGPS user equipment development. Investigate Integrated Ice Navigation system.
- Develop and introduce new short range aids to navigation signal and platform technologies. Improve and optimize existing SRA signaling hardware and platforms. Reduce installation, operation and maintenance cost of SRA program through hardware and platform improvements and increased service life.

BENEFITS: Marine transportation system performance equal to or greater than present system at reduced costs. Increased safety for Coast Guard ATON personnel. Improved maritime navigation Reduced environmental impact of ATON system. Amended Waterways Design Manual to include new relative risk factor measurement techniques. Safe, effective implementation and use of advanced ECDIS for more economical marine transportation. Improved safety and efficiency of the Nation's ports...reduced risk of catastrophic marine disasters.

ACCOMPLISHMENTS

FY1993 & PRIOR: Developed new minor light designs and procurement information. Produced lighted aid design software. Completed final report on 5 year dayboard materials. Developed portions of the systems that permit use of ECDIS including LORAN-C, GPS/DGPS, and ATON system relative risk studies. Developed portions of the provisional standards for ECDIS. Developed (with Maritime Administration (MARAD)) shipboard piloting expert system (SPES) and integrated bridge system (IBS) prototypes. Began Navigation Aid Mix study to determine the effect of various types and combinations of navigational aids on mariner performance. Performed at-sea evaluation of representative ECDIS technology. Continued development of new buoy systems. Provided a report suitable for USCG submission on IMO Provisional Standards for ECDIS at the 1993 IMO/International Hydrographic Organization Harmonization Committee. Reviewed Vessel Traffic Center (VTC) operations. Began to review type/quantity of information gathered at each VTC. Completed revision to the Visual Signal Design Manual.

PLANNED FY1994: Complete Advanced GPS development: DGPS Signal Monitoring, study on DGPS integrity systems, Wide Area DGPS spatial decorrelation report. Short Range Aids (SRA): prototype design(s) for new buoy system(s). Report on Human Factors Engineering Evaluation of VTS Watchstanders. Waterways Safety and Management Analysis: Informal reports and papers addressing the concepts being investigated and the incremental results obtained. Will also provide project visibility and support from industry and the public and demonstrate the Coast Guard's commitment to improving safety on the nation's waterways. Continue to study feasibility of integrating ATON-oriented software and information systems. Complete Automated Dependent Surveillance (ADS) proof-of-concept for VTS.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA AIDS TO NAVIGATION	AMOUNT REQUESTED $1,325,000

PROJECT

WATERWAYS SAFETY AND MANAGEMENT RESEARCH AND DEVELOPMENT (cont.) Page 2 of 2

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
Advanced GPS Development	1992	400
Pollution Prevention Ports Management	1992	600
New Buoy Systems and Aids to Navigation Signal Effectiveness	1992	365
Waterways Management	1993	150
Advanced GPS Development	1993	710
Short Range Aids To Navigation Research	1993	200
Integrated Navigation Systems	1993	150
Vessel Traffic Systems and Services	1993	175
Waterways Safety and Management Research and Development	1994	651
Advanced GPS Development	1994	589
Waterways Management Mission Analysis	1994	515

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Waterways Management Analysis** – Continue to investigate issues and technologies that may affect the safety and efficiency of vessel operations...analyze current methods for maritime navigating and begin to project user needs for the future...include human factors aspects of signal effectiveness... evaluate traffic management decision making in high risk areas...continue to examine all aspects of waterways that affect passage of traffic. Comprised of two OPA-90 elements in accordance with the OPA Interagency R&D Plan	500
2.	**Vessel Traffic Services Systems** – Investigate, develop, test, and demonstrate the processes and information required by VTS to support navigation safety broadcasts...ivestigate and develop VTS performance standards for shipboard ECDIS...continue to investigate ship to VTS data transfer alternatives. Consists of one OPA-90 element in accordance with the OPA Interagency R&D Plan	275
3.	**Integrated Navigation System T&E** – Continue a test and evaluation program to assess the impact of implementing the IMO Standards...continue to investigate the means/process required to transform electronic chart data to an Electronic Nautical Chart (ENC) for use with ECDIS. Investigate shipboard navigation equipment requirements. Initiate development of integrated ice navigation system.	350
4.	**Aids to Navigation (ATON) Signalling Research** – Continue to investigate advanced lighting technologies for CG ATON use. Areas of interest include extended light sources, low power landfall lights, day/night range lights, laser line range performance	200
	Total	1,325

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MARINE SAFETY	$1,165,000

PROJECT

MARINE SAFETY RESEARCH Page 1 of 2

INITIATIVE: Fires and explosions continue to result in the greatest loss of life and property in the maritime environment. Research into fire safety will support the marine inspection program's goals to increase the level of safety of the total marine system and to achieve an international standard for vessel construction and inspection.

OBJECTIVES:

- o Reduce loss of life and property and mitigate environmental damage by marine vehicles.
- o Pursue projects to prevent oil spills from occurring through improved commercial vessel safety programs.
- o Improve efficiency and effectiveness of regulations and efforts to achieve parity with international regulations by providing technical support for regulatory efforts and U.S. positions at the International Maritime Organization (IMO).
- o Improve safety of merchant ships and regulated small passenger vessels.
- o Increase fire safety by developing the information needed to improve national and IMO regulations, and Coast Guard specifications.
- o Conduct structured R&D in the three subject areas (see "cost estimate of work to be done this year" below) identified in the FY90 program assessment study.

BENEFITS: Reduced cost and enhanced safety for the public. Reduced risk of vessel casualties through improved vessel design and safety measures, personnel performance, vessel inspection and operations. Established international uniform level of safety for all marine vessels.

ACCOMPLISHMENTS

FY1993 & PRIOR: Completed analysis of human factors considerations related to: vessel manning levels, licensing, automated ship systems, inspection and casualty investigations, and communication of information to mariners. Continued work on automated data entry for inspectors and innovative inspection procedures, and investigated means to improve the collection and analysis of casualty data. Evaluated safety standards for small vessels. Identified location of critical structural members in vessels and established inspection interval requirements and acceptable limits of structural deterioration. Conducted research on smoke control for passenger vessels and fire endurance of aluminum small passenger vessels. Identified and prioritized research to quantify and establish internationally accepted safety levels to clarify ambiguous/non-specific international maritime regulations which will improve the safety of U.S. ports and the environment transited by foreign ships. Developed a strategic plan to incorporate operations research methodology into all marine safety missions. Projects included: development of innovative inspection procedures/techniques to automate data collection/entry;development of an improved system for collecting and analyzing casualty data; and established better methods and means to improve utilization of risk analysis, and other related analyses, in marine safety missions. All of these projects will improve safety and reduce costs for the U.S. Merchant Marine fleet.

PLANNED FY1994: Continue to RDT&E safety standards for small vessels and structural integrity of vessels. Continue to quantify human factors considerations in vessel design, usage, operations and automation. Develop an interactive rules-of-the-road testing device. Develop improved procedures for loading and discharging of tank vessels. Research fire prevention and control issues related to personnel and cargo safety in support of establishing international and domestic regulations and policies. Continue testing and evaluating fire resistance of compartment separating divisions and begin research aimed at achieving parity with the Safety of Life at Sea (SOLAS) requirements by resolving the inconsistencies in those international regulations and developing definitive criteria. Continue work on automated data entry for inspectors and innovative inspection procedures, and investigate means to improve the collection and analysis of casualty data.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA **MARINE SAFETY**	AMOUNT REQUESTED **$1,165,000**

PROJECT

MARINE SAFETY RESEARCH **Page 2 of 2**

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Commercial Vessel Safety	1992	465
Pollution Prevention: Marine Vessels	1992	675
Improved Fire Safety for Commercial Vessels	1992	385
Marine Safety Research	1993	880
Improved Fire Safety for Commercial Vessels	1993	400
Marine Safety Research	1994	1,285
Fire Safety Technology (Commercial Vessels)	1994	690

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	Naval Architecture, Stability, Structures and Marine Engineering -- Continue research, development and evaluation of new methods for predicting life span of vessels' structural members, and causes, effects, and methods to prevent structural cracking. *Consists of one OPA-90 element in accordance with the OPA Interagency R&D Plan*	75
2.	Human Factors Analysis – Continue evaluation of minimum manning standards, qualifications and training for crews of automated ships. *Comprised of two OPA-90 elements in accordance with the OPA Interagency R&D Plan*	650
3.	Improved Fire Safety for Commercial Vessels – Conduct research in fire prevention and control, cargo safety, and advanced marine technology in support of developing and refining national and international regulations and policies. Continue work on evaluating fire resistance of divisions. Continue work that quantifies inconsistencies and supports resolution of differing Safety of Life at Sea (SOLAS) requirements	440
	Total	1,165

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MARINE SAFETY	$250,000

PROJECT

SUPPORT FOR THE INTERAGENCY SHIP STRUCTURE COMMITTEE (SSC)

INITIATIVE: The SSC is chaired by the Coast Guard and is cosponsored by the Naval Sea Systems Command, Military Sealift Command, Maritime Administration, and American Bureau of Shipping. Projects are prioritized and selected by the SSC from a list developed by the National Research Council's Marine Board Committee on Marine Structures. In support of vessel and offshore structure design review requirements, the Coast Guard requires research on design, fabrication, and quality assurance for vessels and marine structures and the materials used in their construction.

OBJECTIVES: Contribute to the Interagency SSC's research program, so as to:

- Improve the materials, design, construction, and inspection methods/procedures of ships and other marine structures.
- Increase the safety, seaworthiness, and economy of operation of ships and marine structures.

BENEFITS: Enhanced safety and seaworthiness of ships and other marine structures through an aggressive research and development program that includes improved design, construction, and inspection techniques and the use of new materials. Results in increased safety for the vessel, its crew and passengers; reduced potential for pollution through improved vessel structural integrity; and more efficient use of inspection personnel which positively reflects on both the Coast Guard and the maritime community it serves. Multi-agency cost-sharing makes this a cost-effective program. Multiple reviews by the SSC and the National Academy of Sciences ensure high quality research. Further cost benefits are often realized through shared funding by various societies and industry groups. SSC reports are widely distributed and highly regarded by the maritime community. They enhance our technical reputation and improve our ability to deal with industry in an oversight/regulatory capacity.

ACCOMPLISHMENTS

FY1993 & PRIOR: Hundreds of technical reports have been issued by the SSC...distributed worldwide to shipyards, naval architects, universities, and government bodies. Final reports soon to be published include: Fatigue Design Procedures, Probability Based Ship Design-A Demonstration; Permanent In-Service Repair Procedures for Underwater Damage to Ship Hulls; Reduction, Classification, and Application of S-N Curves for Ship Details; Measurement of Ice Loads on Ship Structures.

PLANNED FY1994: Research areas include projects dealing with: reliability of marine structures and vehicles; composite structures; producibility/competitiveness; application of high strength steels in ship design; and inspection/maintenance.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
Support for the Interagency Ship Structure Committee (SSC)	1992	250
Support for the Interagency Ship Structure Committee (SSC)	1993	250
Support for the Interagency Ship Structure Committee (SSC)	1994	250

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
	Planned FY95 projects	250
1.	Probability-Based Ship Design: Implement Design Guidelines	
2.	Strength Assessment of Pitted Plate Panels	
3.	Retention of Weld Metal Properties and Hydrogen Cracking	
4.	Optimized Design Parameters for Welded Thermomechanically Controlled Processed (TMCP) Steels	

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RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MARINE ENVIRONMENTAL PROTECTION	AMOUNT REQUESTED $550,000

PROJECT

MARINE ENVIRONMENTAL PROTECTION/POLLUTION RESPONSE Page 1 of 2

INITIATIVE: The EXXON VALDEZ oil spill and several other major oil spills focused national attention on our ability to respond to catastrophic spills. The Oil Pollution Act of 1990 (OPA-90) requires that research and development be conducted in accordance with an Oil Pollution Research and Technology Plan. Pollution response is a major Coast Guard area of responsibility under this plan.

OBJECTIVES:

- o Upgrade the Coast Guard's ability to respond to oil spills and other hazardous substance releases through an integrated, comprehensive, RDT&E program. Projects are planned and accomplished on a cooperative basis with other federal agencies. This program is intended to interface with the federal Oil Pollution Research and Technology Plan mandated by OPA-90 and may undergo further refinement or change resulting from evolution of the federal plan.
- o Perform studies, support other agency studies, test and evaluate state-of-the-art equipment, and as necessary, develop new equipment to improve federal response capability to oil spills and hazardous substance releases, mitigate the effects on the environment from these pollutants, and improve clean-up capabilities.

BENEFITS: Provides the required capability for timely response to oil spills and hazardous substance releases to minimize impact on the marine environment. Improved contingency planning, spill response management and tracking. Provides response personnel with the necessary training and appropriate protective equipment to ensure occupational safety and health.

ACCOMPLISHMENTS

FY1993 & PRIOR: Continued development of needed technologies identified by the Interagency Research and Development Plan. Areas of emphasis included: Spill Planning and Management - Completed prototype decision support tools including port maps and databases, and technical information databases. Completed port risk assessment methodology study. Completed feasibility study on interactive computer training; study on On Scene Commander (OSC)/Regional Response Team (RRT) decision training; study on quantitative measures for preparedness evaluation and feasibility study on transportable training system to support RRT exercises. Countermeasures and Cleanup: Completed feasibility study on tanker self-help countermeasures, two studies on use of underwater vehicles for vessel damage assessment and two studies on oil containment aboard tankers. Completed tests of several oil/water separators; completed tests of booms and skimmers at the Oil and Hazardous Materials Simulated Environment Test Tank (OHMSETT); completed in-situ burn tests at the Coast Guard Fire and Safety Test Facility, Mobile, AL; supported Environment Canada in a full-scale open ocean crude oil burn test off Newfoundland. Hazardous Chemical (HAZCHEM) Spill Response: Completed workshop on HAZCHEM operational needs which require research and development to solve. Surveillance: Evaluated first prototype frequency scanning airborne radiometer. Completed comparison study of Coast Guard AIREYE side-looking airborne radar and the state-of-the-art synthetic aperture radar for oil surveillance.

PLANNED FY1994: Spill Planning and Management: Continue development of a risk assessment methodology for use in conjunction with the National Strike Force Coordination Center (NSFCC) systems configuration model to analyze/optimize spill "cleanup equipment" resource mix and its deployment. Complete specifications for a transportable training system for regional response team exercises. Complete spill response resource management and tracking system. Personnel Health and Safety: Investigate and analyze heath and safety issues associated with spill response and develop decision support protocol for improving site entry safety and personnel protection. Surveillance: Complete testing of frequency scanning radiometer and additional testing of oil spill sensors. Oil Spill Containment/Treatment/Recovery: Complete testing and evaluation of improved oil/water separator design; develop and test viscous oil/debris handling equipment. Complete development of helicopter sampler for monitoring in-situ burn emission. Hazardous Chemical Countermeasures and Safety: Investigate improved technologies to prevent, mitigate and respond to a HAZCHEM incident/release.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
MEP Pollution Response/MEP Initiatives	1992	2,855
MEP Pollution Response	1993	2,085
MEP OPA Level II	1993	1,320
MEP Pollution Response	1994	2,075

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MARINE ENVIRONMENTAL PROTECTION	AMOUNT REQUESTED $550,000

PROJECT

MARINE ENVIRONMENTAL PROTECTION/POLLUTION RESPONSE

Page 2 of 2

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	Planning, Management, and Training – Develop prototype transportable training system to validate the methodology used to evaluate pollution exercises as part of the national Pollution Response Exercise Program (PREP). Investigate methodologies and technologies to simulate spill conditions to enhance spill response training and develop system for use by field personnel for training purposes. Investigate systems and technologies to facilitate deployment and management of equipment, personnel and logistic resources during a major spill, such as audio/visual display systems. *Comprised of three OPA-90 elements in accordance with the OPA Interagency R&D Plan*	550

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MARINE ENVIRONMENTAL PROTECTION	AMOUNT REQUESTED $750,000

PROJECT

OPA-90 PORT DEMONSTRATIONS AND GRANTS

INITIATIVE: Subsections 7001(c)(8) & (9) of Title VII of the Oil Pollution Act of 1990 (OPA-90) authorized the establishment of the regional research program. Consistent with the Oil Pollution Research and Technology Plan mandated by subsection 7001(b) and subject to appropriations, the Interagency Coordinating Committee on Oil Pollution Research is directed to coordinate a program of competitive grants to universities and other research institutions for the purpose of conducting a comprehensive research program related to the regional aspects of oil pollution such as prevention, removal, mitigation, and the effects of discharged oil on regional environments. This request represents a portion of the coordinated federal research effort envisioned by OPA-90.

OBJECTIVES:

- Encourage, through an annual solicitation for grant applications, research proposals in the areas of: spill prevention; spill response planning and management; spill response activities; fate, transport and effects of oil; and restoration and rehabilitation of the environment.
- Accomplish the Coast Guard portion of the federal Oil Pollution Research and Technology Plan mandated by OPA-90. (This program may undergo further refinement or change due to evolution of the federal plan.)
- Conduct port demonstrations of R&D projects related to mitigation of oil pollution.

BENEFITS: Minimized risk of oil spills through improved vessel safety, personnel performance, vessel inspection and operations. Timely response to oil spills to minimize adverse impact on the marine environment. Enhanced occupational safety and health for response personnel. Improved contingency planning, spill and MARPOL tracking. Provides response personnel with the necessary training and appropriate protective equipment to ensure occupational safety and health.

ACCOMPLISHMENTS

FY1993 & PRIOR: Contracted an independent organization to solicit grants, process grant applications, and perform peer review of proposals received.

PLANNED FY1994: Conduct in New York City's harbor a demonstration of equipment, technology, training, and methodologies developed from R&D efforts in oil pollution prevention. Continue to direct the Regional Grant Program.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
OPA-90 Regional Grants	1993	750
OPA-90 Regional Grants	1994	500
OPA-90 Port Demonstration	1994	350

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**OPA-90 Regional Grant Program** – Coordinate a competitive regional grant program in accordance with the OPA Interagency R&D Plan	500
2.	**Demonstration Projects** – Continue to demonstrate new oil pollution prevention and cleanup methods and technologies in New York/New Jersey, Los Angeles/Long Beach, New Orleans, and selected ports on the Great Lakes. *OPA-90 demonstration projects in accordance with the OPA Interagency R&D Plan*	250
	Total	750

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA ENFORCEMENT OF LAWS AND TREATIES	AMOUNT REQUESTED $600,000

PROJECT

COMPREHENSIVE LAW ENFORCEMENT CAPABILITIES IMPROVEMENTS (COMPLAW)

INITIATIVE: The Coast Guard continues to operate against sophisticated adversaries in the law enforcement (LE) area. To maintain an effective LE force, the Coast Guard must continually evaluate and identify the latest vessel, aircraft, and contraband detection and interdiction methods. An aggressive research program is needed to adapt both government and industry advances to our LE needs. In addition, new opportunities for cooperative research into drug LE technologies among federal agencies encourage Coast Guard involvement in joint research programs.

OBJECTIVES:

- o Improve the Coast Guard's capability in surveillance, inspection, and apprehension of vessels/personnel involved in illegal immigration, fisheries, and drug activities through application of new technologies.
- o Participate in coordinated federal development efforts with other LE agencies and the Department of Defense (DoD) through the Office of National Drug Control Policy (ONDCP) Science and Technology Committee to maximize return on investment. Where feasible, the developmental work of other government agencies (U.S. Customs Services, ONDCP, CIA, DoD, etc.) is evaluated and adapted for Coast Guard use. Joint agency research, where appropriate, is also conducted.

BENEFITS: New and improved sensors with increased detection ranges, long range classification and identification, and rapid detection of hidden contraband will enhance LE effectiveness. Multi-agency coordination and cooperative system development will yield higher returns for federal R&D dollars.

ACCOMPLISHMENTS

FY1993 & PRIOR: Developed and tested surveillance technology needed to detect/identify hard to locate marine and air targets (wooden boats, small aircraft) from CG cutters and aircraft. Test and evaluation of experimental neutron backscatter device showed that it offers great potential for detecting contraband behind bulkheads or in hidden compartments. From R&D efforts, developed design specifications for long range integrated electro-optic imaging system. Evaluated the adaptability of the U.S. Army's Driver's Thermal Viewer System for use on CG small boats. Analyzed capabilities of low light level TV technology. Evaluated performance trade-off for AN/SPS-64 PPI upgrades. Analyzed underwater imaging via laser energy. Outlined baseline study of contraband phenomenology (fate & behavior). Conducted wide area detection systems market survey. At sea, tested prototype suite of dual column gas chromatograph (SENTOR) and ion mobility spectroscopy (IONSCAN) that, when used together, led to successful prosecution of several drug contraband cases.

PLANNED FY1994: Support participation of ONDCP Science and Technology Committee Working Groups. Begin development of a wide range active/passive sensor system. Complete test and evaluation of mid-infrared (Shipboard Infrared Imaging System - SIRIS) classification system. Complete APS-137(H) Inverted Synthetic Aperture Radar tests on cutter. Commence baseline study of contraband phenomenology. Develop CG unmanned aerial vehicle specifications for DoD Maritimized Vertical Take Off and Landing Unmanned System Phase II (MAVUS II) project. Analyze technical requirements/architecture to integrate and display multiple sensor information integration. Conduct joint effort with ARPA and Naval Research Laboratory on DT&E of APS-137(UHR)and high-endurance cutter Command, Control, Communications, Computers and Information interface. Deliver technical protocols (procedures) for Sensor Analysis.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Enforcement of Laws and Treaties	1992	1,700
Enforcement of Laws and Treaties	1993	1,300
Enforcement of Laws and Treaties	1994	821

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Technology for Surveillance** - Commence field test and evaluation on electro-optic imaging system equipment which employs spectral band (3-5 micron) imaging and signal processing to maximize surveillance capability for identification of targets	450
2.	**Technology for Vessel Search** - Continue phenomenology study of contraband. Maintain level of support for multi-agency programs through ONDCP. Evaluate thermal neutron image and surface acoustic wave detectors. Develop forensic protocols for detection equipment	150
	Total	600

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MULTI-MISSION	AMOUNT REQUESTED $1,420,000

PROJECT

SERVICEWIDE SAFETY & ENVIRONMENTAL COMPLIANCE Page 1 of 2

INITIATIVE: National and international interests continue to focus on safe and environmentally compliant activities in both the private sector and the government. Safety and environmental legislation and regulations do not exempt government activities from compliance. This initiative is a collection of research efforts designed to ensure that Coast Guard (CG) operating and support activities are in full compliance with applicable safety and environmental laws and regulations. Research in fire safety will support the Naval Engineering program's and Safety program's goal to increase the fire safety of CG cutters. Both international treaty and domestic law prohibit using Halogenated gas (after 1995) as a fire suppression agent due to its detrimental effect on the Earth's ozone layer. Research is needed to identify alternative, cost effective, low weight, effective fire suppression agents. The CG also needs to develop cost effective pollution prevention methods to minimize the use and generation of waste (hazardous & non-hazardous) and determine the most cost effective methods and technologies for site remediation. The Clean Air Act, which requires marine vehicle engines to meet air quality standards, does not exempt public (government) vessels from complying with those requirements. Research is needed to determine what the emission standards should be, what emissions standards are achievable by CG marine vehicles, and what alternatives can be implemented to meet mission needs. Research and development will also be conducted in the area of shipboard risk analysis which could ultimately be used to identify and reduce the risk of death, personal injury, and property damage in CG operational facilities.

OBJECTIVES:

- Facilitate new technology by developing the information needed to support changes in Coast Guard specifications. Improve fire safety of CG cutters through better design, damage control readiness and materials specification. Develop automated tools for optimizing fire safety in the design of CG cutters.

- Develop pollution prevention methods to: minimize use of hazardous materials, minimize generation of hazardous waste, and improve site restoration by researching and identifying substitute materials, recycling technologies, process and procedure changes, and appropriate state of the art technologies.

- Use outcome of research to reduce airborne pollutants by removing Halon fire suppression systems from all CG cutters. Bring marine vehicle engine exhaust emissions into compliance with the Clean Air Act requirements without sacrificing mission capabilities.

- Investigate improvements or replacement for HC-130 wing life raft.

- Develop risk analysis method and decision support tools. Identify shipboard areas where operations, engineering, or management risks can be reduced. Prioritize risk reduction by risks having greatest negative impact on operations.

BENEFITS: Reduced risk of loss of life, cutters, and property caused by non-compliance of safety and environmental requirements (e.g. fire and explosion). Enhanced environmental quality without reducing mission performance. Reduction of loss of life, personal injury and costs of these mishaps. Better understanding of the impact on the private sector of CG imposed safety and environmental rules/regulations.

ACCOMPLISHMENTS

FY1993 & PRIOR: Conducted research on smoke control on CG cutters. Analyzed the remaining 6 classes of small CG cutters. Researched and tested alternatives to Halon systems such as sprinkler applied foams. Research resulted in approval of two variable spray firefighting nozzles for use on commercial and CG vessels. Began to incorporate smoke movement into Ship Applied Fire Engineering (SAFE). Developed fire fighting doctrine for 9 classes of small CG cutters. Explored solutions to problems identified annually by the CG Damage Control/Firefighting Working Group. Continued development of a comprehensive fire safety engineering method to be used in the analysis of designs of CG cutters. Conducted servicewide hazardous waste assessment. Conducted Hazardous Waste Minimization Workshop. Developed Strategic Plan for Model Solid Waste and Hazardous Material Reuse and Recycling Program. Conducted Hazardous Waste Minimization Opportunity Assessment at Aviation Training Center, Mobile, AL. Identified deficiencies associated with the Coast Guard's Mishap Reporting (MISREP) system. Restructured reporting procedures and database architecture resulting in more accurate loss anlysis and mishap trend identification. Identified major loss categories and risk centers aboard CG vessels, using results to develop accident prevention goals and focus training on risk management.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MULTI-MISSION	$1,420,000

PROJECT

SERVICEWIDE SAFETY & ENVIRONMENTAL COMPLIANCE (cont.) **Page 2 of 2**

PLANNED FY1994: Continue an Interagency research program which is evaluating alternatives for Halogenated gases as a fixed fire suppression system. Analysis of CG hazardous materials use and hazardous waste generation, development of recommendations for material substitutes and process modification. Analyze CG vessel safety history. Analyze new lightweight and composite construction materials for CG cutters and Helo airframes. Continue validating/refining algorithms developed for SAFE through full-scale, onboard ship fire testing at the Fire and Safety Test Detachment (F&STD). Deliver report on alternatives to Halon as a fire suppression agent and test potential substitutes at F&STD. Develop a report on fire testing of "misting" fire protection system. Develop fire protection doctrine for six cutter classes. Continue to conduct full-scale fire tests of small cutters to validate fire doctrines tailored for each class of vessels. Develop a report documenting the toxic concerns for composite airframes and methods to mitigate those effects for fire fighters. Conduct requirements analysis for Pollution Prevention Information Management. Begin implementation of model reuse and recycling program on Governors Island, New York. Develop database for hazardous waste minimization opportunity assessment protocols. Develop a Memorandum of Understanding with the Environmental Protection Agency Risk Reduction Engineering Laboratory to conduct joint RDT&E of pollution prevention technologies. Perform a preliminary hazard analysis of CG vessel hazards to identify cause and effect and recommend initial controls. Commence development of probabilistic vessel system models to identify mishaps, causes, and risk reduction options.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Coast Guard Cutter Fire Safety Engineering Methodology and Testing	1992	280
Servicewide Hazardous Materials Minimization	1992	300
Coast Guard Cutter Fire Safety Technology	1993	340
Servicewide Hazardous Materials Minimization	1993	500
Coast Guard Vessel Loss Exposure and Risk Analysis Method	1993	120
Coast Guard Cutter Fire Safety Engineering Methodology and Testing	1994	300
Hazardous Waste Minimization	1994	500
Coast Guard Vessel Loss Exposure and Risk Analysis Method	1994	400

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Cutter Fire Safety Technology** – Explore solutions to problems identified annually by the CG Damage Control/Firefighting Working Group. Continue development of a comprehensive fire safety engineering method to be used in the analysis of designs of CG cutters. Continue research on alternatives to Halon fire protection systems, and conduct fire test analysis of new lightweight and composite construction materials for CG Helo airframes.	350
2.	**Pollution Prevention** – Conduct waste minimization opportunity assessments to determine target waste streams. Conduct minimization development, test and evaluation on waste streams targeted during assessment. Prototype CG specific solutions.	400
3.	**Controlling Air Pollution From Ships** – Initiate joint interagency research to gain better understanding of the issues and implications of exhaust emissions from marine vehicles leading to lower pollution levels. Continue evaluating Ship Applied Fire Engineering (SAFE) system on other CG cutters	150
4.	**HC-130 Wing Liferaft Replacement** – Conduct analysis of new HC-130 wing liferaft to develop a more effective storage and deployment means to ensure that the raft inflates and stays in close proximity to the downed aircraft	110
5.	**CG Vessel Loss Exposure & Risk Analysis Method** – Develop methods to assess CG vessel hazards, identify events initiating hazards, estimate probability of initiation and identify means of reducing these hazards	410
	Total	1,420

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA **MULTI-MISSION**	AMOUNT REQUESTED **$600,000**

PROJECT

PRE-ACQUISITION SUPPORT

INITIATIVE: The Coast Guard (CG) continues to improve its mission analysis process to: support strategic planning, support the improvement of capital investment management, and improve the effectiveness and efficiency of Coast Guard operations. The mission analysis process requires research and development support.

OBJECTIVE:

- o Develop standard scenarios and measures of effectiveness that can be used in analysis of all CG missions.
- o Develop analytical methods for performance baseline evaluation of the current doctrines for operations and for the current inventory of resources including operating and maintenance costs.
- o Identify how new technologies/methodologies can lead to more efficient ways of managing and operating CG resources needed and identify resources needed to meet capability gaps.

BENEFITS: Better definition of Coast Guard mission needs...improved methods for operations...greater objectivity and intellectual rigor in defining and justifying capital acquisitions ...improved overall pre-acquisition and acquisition planning... potential savings due to more accurate definition of mission need and improved doctrine for mission execution...well-documented and properly justified acquisitions.

ACCOMPLISHMENTS

FY1993 & PRIOR: Co-sponsored and completed a series of workshops on Mission Analysis (MA) for the Agency Acquisition Executive...workshops focused on providing a uniform CG-wide understanding of MA.

PLANNED FY1994: Begin analysis for programs of deepwater missions including a maritime traffic profile for law enforcement missions. Begin R&D portion of baseline for mission analysis program to support International Ice Patrol (IIP) mission ... this will contribute to better informed decisions for acquisitions of sensors (and effects on platforms that might carry or use them) that support IIP mission ... begin support of MA for Waterways Management Mission ... initial work focused on issues and technologies that may alter port and waterway design and operation in the 21st century.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Pre-Acquisition Support	1994	1,465

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	Develop Dynamic, Systematic Analysis Capabilities for Future Mission Analysis – Development of tools, techniques and procedures for cost modeling, force-mix modeling, and operational and support mission simulations required for accurately assessing proposed alternate concepts for performing Coast Guard missions. Together, these tools, techniques and procedures will provide a structured framework that facilitates rigorous, supportable decisions regarding mission/business concepts, acquisitions and resource management	300
2.	Mission Analysis Support – Assist program managers by performing the R&D portions required to complete the initial phase of the Mission Analysis for Deepwater Missions – The initial phase encompasses the identification and assessment of alternate concepts for performing the functions that are currently performed in "blue water" by major floating assets	300
	Total	600

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MULTI-MISSION	AMOUNT REQUESTED $375,000
PROJECT INCREASED HUMAN RESOURCE MANAGEMENT EFFECTIVENESS		

INITIATIVE: Personnel and related costs account for approximately sixty percent of the Coast Guard's Operating Expenses budget. A strong personnel management research program is needed to provide efficient, up-to-date personnel management and training technologies and methodologies.

OBJECTIVES:

- Develop a standardized framework for determining staffing requirements for Coast Guard units.
- Consider staff requirements, personnel and training factors when evaluating major acquisitions.
- Introduce improved training products and technologies into the Coast Guard to reduce training costs and improve on-the-job performance.
- Evaluate policy options for effect on productivity, cost, and quality of life, and include these considerations in system design.

BENEFITS: Better forecasting and control of personnel costs; integration of personnel needs into major system acquisition and logistics decisions; ability to standardize staffing requirements for Coast Guard units; better career paths for improved sense of professionalism; reduced school time through the use of embedded training, and improved productivity.

ACCOMPLISHMENTS

FY1993 & PRIOR: Developed a catalog of operational military work force models currently in use in the Federal government. Developed CG-specific model specifications, personnel system productivity measures, a manpower requirements model, a Personnel Allowance List Generator Model (PALGEN), a distribution of personnel model, personnel impact of acquisition model specifications and capability demonstration. Developed Real Time Personnel Inventory Data System and Officer Inventory System interim flow model. Began integrating civilian workforce structure into military models...examined productivity measurement programs used in DoD and elsewhere. Developed process to incorporate staff requirements, personnel, training and human factors into all acquisitions. Completed staffing standard development for support ratings (Subsistence Specialist, Storekeeper, and Yeoman), the first of two prototypes needed to test/validate new methodology for staffing standards still in development.

PLANNED FY1994: Develop draft Staffing Standards Methodology Manual. Develop, test, and validate methodology that can be applied Coast Guard wide for Staffing Standards. Initiate development of methodologies and procedures to integrate human factors, personnel, and training considerations into Coast Guard acquisition process. Review and evaluate advanced training methods for Coast Guard use and begin demonstration project to measure improvements that can be realized from new training techniques.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	AMOUNT ($000)
Human Resource Management	1992	1,075
Increased Human Resource Management Effectiveness	1993	970
Increased Human Resource Management Effectiveness	1994	275

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	New Training Techniques and Technologies – Introduce advanced training techniques into the CG. Survey the latest training products and methods that show promise for increased performance and reducing training costs. Test and evaluate selected training methods at appropriate locations in the CG.	300
2.	Staffing Standards Development – Complete final series of multi-variable workload/functional area driven models for staffing requirements and complete research and development of methods for producing effective staffing standards	75
	Total	375

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MULTI-MISSION	$2,000,000

PROJECT

INFORMATION SYSTEMS TECHNOLOGY AND DEVELOPMENT **Page 1 of 2**

INITIATIVE: Decision makers, at all levels of command, need timely, accurate information. Advances in information technology provide the opportunity for development of integrated Command, Control, and Communications (C3)/Information Resource Management (IRM) systems. These systems can provide decision makers and information managers (communicators, operators, administrators) with more information faster and more accurately.

OBJECTIVES:

- Identify requirements and conduct concept explorations of Strategic IRM Management Plan projects to support Coast Guard programs in meeting their strategic IRM needs. Reduce costs of IRM systems by identifying cross-functional applications and correctly determining IRM system requirements.
- Reduce manual processing of information, while increasing accuracy, availability and timeliness of information to decision makers.
- Develop and demonstrate prototypes, if necessary, to evaluate concepts.
- Assess new information technologies for application to CG needs.

BENEFITS: Potential for enhanced productivity. Reduced user data handling. Less duplication through data sharing and a truly integrated approach to data storage and communications. Faster and more complete data transmission with fewer errors. More automated data gathering. More comprehensive, accurate, timely information to decision makers.

ACCOMPLISHMENTS

FY1993 & PRIOR: Developed and installed Operations Information System (OIS) Phase I pilot at Coast Guard Group Long Island Sound. Completed specifications and final pilot phases of Health management system. Provided field access to Facilities Management Information System (FMIS) pilot. Completed design for Computer Aided Search Planning (CASP).

PLANNED FY1994: Complete review and evaluation of OIS phase I conceptual framework. Install phase II OIS prototype system at Group Long Island Sound.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Command, Control and Communications/Information Resources Management (IRM)	1992	1,950
IRM Mission System Planning, Analysis and Design	1993	2,180
Information Systems Technology and Development	1994	1,085

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Operations Information System** -- Develop a common, interoperable and cross-functional operational information system environment to support all Coast Guard missions. Develop alternatives for interconnecting and interfacing new operational information system database applications. Perform analysis for creating interoperable gateways between classified and unclassified CG operational information systems. Evaluate emerging technology for group/station implementation. Develop plan to test and evaluate OIS systems, hardware and software. Conduct pilot testing of cross-functional information systems for performing work processes for operations	1,000

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RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MULTI-MISSION	AMOUNT REQUESTED $2,000,000

PROJECT

INFORMATION SYSTEMS TECHNOLOGY AND DEVELOPMENT (cont.) Page 2 of 2

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
2.	Management Support System (MSS) -- Conduct requirements analysis, concept exploration, and initial prototyping for system feasibility and demonstration. Using Knowledge-based Decision Support Systems, MSS will integrate existing and proposed information systems to provide improved and more timely management information needed by USCG managers	400
3.	Readiness Measurements Study – Conduct a study that will serve as the basis for upgrading our operational readiness measurements program and readiness IRM support systems. IRM systems will improve readiness measures, increase unit operational capability and readiness, provide better readiness data to operational decision makers, and enhance safety	300
4.	Reserve Training Assignment Support System (R-TASS) – Conduct requirements analysis, feasibility study, cost benefit analysis with alternative recommendations, and develop, test and demonstrate initial prototype R-TASS. R-TASS will effectively streamline the administrative process and ensure consistent application of training policies and program requirements throughout the Coast Guard Reserve.	300
	Total	2,000

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY) 1995	PROGRAM AREA MULTI-MISSION	AMOUNT REQUESTED $300,000

PROJECT

ADVANCED COMMUNICATION TECHNOLOGY AND DEVELOPMENT

INITIATIVE: Communications systems must be reliable, accurate, easy to use, and in some cases, secure. A communications research program is needed to ensure that existing and emerging technology and industry standards are evaluated and, where appropriate, applied to Coast Guard use.

OBJECTIVES:

- Provide communication links for the Coast Guard's Information System (IS) by establishing communication paths suitable for information (voice, data and imaging) to flow between all data collection, storage, and processing centers in the organization.
- Support follow-on developments of satellite communications which offer low cost, two-way voice and data satellite communication systems. Investigate, test ,and evaluate systems for Coast Guard applications. Pay particular attention to requirements for commercial, merchant fleet, boating public, other government agencies, and DoD.
- Evaluate Coast Guard sensor data link needs and available technology.
- Evaluate candidates to support remote infrared and ultraviolet imaging and other applications.
- Evaluate networking and internetworking technology for integrating communications and information resource management systems into a cohesive, effective, and efficient command and control system.

BENEFITS: New technology would allow computers to enhance critical Command, Control and Communications (C3) without compromising the Coast Guard's presence or location. Provide operational commanders and decision makers with immediate access to remote sources of sensor data resulting in prompt and proper response. Increased ability to deal effectively with the increasing volume of data and voice communications required of multi-mission Coast Guard units.

ACCOMPLISHMENTS

FY1993 & PRIOR: Documented/surveyed shipboard communication centers and established baseline. Tested and evaluated new communications systems including commercial Satellite Communications systems, such as Radio Determination Satellite Systems.

PLANNED FY1994: Plan and develop Coast Guard Communications Architecture for ships, aircraft and shore facilities that is consistent with Communication Systems 2000 plans.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Advanced Communication Technologies	1992	395
Advanced Communication Technologies	1993	300
Advanced Communication Technologies and Development	1994	282

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Communications System for 2010** - Develop a communications architecture for ships, aircraft, and shore facilities that will meet international, federal and industry standards, and provide interoperability with DoD, civil law enforcement agencies, and the maritime public. Analyze networks, message distribution centers, data management centers, gateways, nodes, and other associated communications components needed to develop this architecture	300
	Total	300

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MULTI-MISSION	$250,000

PROJECT

SELECT PROJECT RESEARCH AND DEVELOPMENT

INITIATIVE: The normal 19 month budget cycle for RDT&E funding is too lengthy to address special R&D opportunities with short turnaround time requirements. These initiatives arise from the need to address unforeseen problems requiring a quick response, to examine promising research opportunities that are only feasible if funded immediately due to a narrow "window of opportunity," to perform exploratory studies to guide R&D decisions, to allow small field-initiated projects, and to adequately assess the impact of rapidly changing technologies. Provide capability to pursue areas of technology needed to improve the effectiveness and efficiency of Coast Guard operations.

OBJECTIVES:

o Investigate research opportunities not specifically programmed or budgeted for that would otherwise be missed due to normal funding lead times, and define relevant areas of current and emerging technologies.

o Assess the impact of environmental and technological changes on Coast Guard missions.

o Evaluate potential select projects on a case-by-case basis to determine cost, risk and potential payoff.

BENEFITS: Efforts in this area will identify and address research opportunities in rapidly changing technologies and environments. Results will allow the Coast Guard to perform missions more efficiently or effectively. Specific benefits will be examined on a project-by-project basis to ensure they merit the investment. Historically, select projects have proven to produce good results for the amount invested.

ACCOMPLISHMENTS

FY1993 & PRIOR: Evaluated ocean drifter and satellite-tracked drift buoys for data-gathering capabilities on iceberg drift and ocean currents. Constructed series of towing tank models and conducted full scale maneuvering trials to study maneuvering characteristics of Mariner Class vessel. Provided core support to Marine Board, National Academy of Sciences. Began collecting baseline data for Norwegian Crew (NORCREW) Concept Evaluation project, Notice to Mariners project, and emission control/alternative fuels project.

PLANNED FY1994: Continue/complete efforts initiated in FY93. Continue to investigate special research opportunities, define relevant areas of technology, and assess impact on Coast Guard missions of environmental and technological changes.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Select Project Research and Development	1992	675
Select Project Research and Development	1993	460
Select Project Research and Development	1994	283

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Select Projects** - Respond to well-defined problems with a large payoff to Coast Guard requiring short-term solutions. Investigate high payoff research opportunities that are cost-effective, only if addressed immediately. Continuously assess impacts of emerging technological changes	250

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MULTI-MISSION	$1,500,000

PROJECT

PROGRAM SUPPORT AND OPERATIONS

INITIATIVE: Funds are required to operate the RDT&E Program. This includes funds for office and laboratory space, support services, training, equipment, and supplies. For FY 1995, funds are also needed for site preparation and installation of the replacement test platform vessel (donated by the Maritime Administration) at the Coast Guard Fire & Safety test Detachment (F&STD) at Mobile AL.

OBJECTIVES: Provide necessary in-house facilities and resources for the execution of the Coast Guard RDT&E Program.

BENEFITS: Provides support resources (lease, utilities, maintenance contracts, computer support, training, supplies, etc.) for the R&D Program including : capability to pursue areas of technology needed to improve the effectiveness and efficiency of Coast Guard operations and replacement vessel at F&STD, which provides a platform for full-scale, effective testing of shipboard fire prevention, suppression and protection techniques.

ACCOMPLISHMENTS

FY1993 & PRIOR: Provided operating funds for the RDT&E Program.

PLANNED FY1994: Continue to provide operating funds for the RDT&E Program.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Program Support and Operations	1992	1,550
Program Support and Operations	1993	1,500
Program Support and Operations	1994	1,487

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	Support and Operate the R&D Program -- Provide operating funds to support RDT&E efforts...continue CG R&D Center operations and Headquarters budget and coordination functions	1,500
	Total	1,500

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

FISCAL YEAR (FY)	PROGRAM AREA	AMOUNT REQUESTED
1995	MULTI-MISSION	$8,365,000

PROJECT

PERSONNEL AND RELATED COSTS

INITIATIVE: Adequate pay, benefits and related costs are needed for authorized civilian and military staff.

OBJECTIVES: Provide necessary personnel resources for the execution of the Coast Guard RDT&E program.

BENEFITS: Provides an expert staff to plan, monitor, and conduct research and development supporting Coast Guard missions and acquisitions. Provides capability to pursue areas of technology needed to improve the efficiency and effectiveness of Coast Guard operations.

ACCOMPLISHMENTS

FY1993 & PRIOR: Managed and administered the RDT&E support program. Conducted in-house research at the Coast Guard Research and Development Center. Served as technical representatives for R&D contracts.

PLANNED FY1994: Manage and administer the RDT&E support program. Provide technical representatives for R&D contracts.

APPROPRIATION HISTORY

PROJECT	APPROPRIATION YEAR	APPROPRIATION AMOUNT ($000)
Personnel and Related Costs	1992	7,200
Personnel and Related Costs	1993	7,705
Personnel and Related Costs	1994	7,840

COST ESTIMATE OF WORK TO BE DONE THIS YEAR

ITEM NO.	PROJECT ELEMENTS	AMOUNT ($000)
1.	**Personnel and Related Costs** - Support a total of 42 military and 82 civilian full time equivalent (FTE) for RDT&E efforts. Provide the Headquarters planning and coordination staff and the Coast Guard R&D Center staff support for contract monitoring and project work; support the Fire and Safety Test Detachment for shipboard fire testing.	
	Total	8,365

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OIL SPILL LIABILITY TRUST FUND

Unavailable Collections (in thousands of dollars)

Identification code: *20-8185-0-7-304*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Balance, start of year:			
01.00	Treasury balance	44,293	1,148	....
01.01	U.S. Securities: Par value	810,803	1,022,911	975,233
01.12	Unrealized discounts	−7,419	....	....
01.99	Total balance, start of year	847,677	1,024,059	975,233
	Receipts:			
02.01	Oil barrel fees	229,263	....	....
02.02	Interest on investment	85,415	62,500	60,000
02.03	Fines and penalties	4,428	7,500	10,000
02.04	Recoveries	5,695	20,000	20,000
02.99	Total receipts	324,801	90,000	90,000
04.00	Total: Balances and collections	1,172,478	1,114,059	1,065,233
	Appropriations:			
05.01	Emergency fund	−50,000	−50,000	−50,000
05.02	Payment of claims	−5,603	−10,000	−10,000
05.03	Operating expenses	−25,000	−25,000	−25,000
05.04	Acquisition, construction and improvements	−35,640	−20,000	−32,500
05.05	Research, development, test and evaluation	−5,595	−4,457	−3,150
05.06	EPA	−20,700	−21,239	−23,475
05.07	Minerals management service	−5,331	−5,331	−6,452
05.08	Alaska Pipeline Task Force	−550	....	....
05.09	Research and special programs administration	....	−2,449	−2,685
05.10	Corps of Engineers	....	−350	−625
05.99	Subtotal, appropriations	−148,419	−138,826	−153,887

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OIL SPILL LIABILITY TRUST FUND
Unavailable Collections (in thousands of dollars) (Con't)

Identification code: *20-8185-0-7-304*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Balance, end of year:			
07.00	Treasury balance	1,148	....	....
07.01	U.S. Securities: Par Value	1,022,911	975,233	911,346
07.99	Total balance, end of year	1,024,059	975,233	911,346

COAST GUARD -- Oil Spill Liability Trust Fund

PROGRAM AND PERFORMANCE

The Omnibus Budget Reconciliation Act of 1989, Public Law 101-239, triggered collection of a 5 cent tax on each barrel of oil produced domestically or imported to be deposited into the Oil Spill Liability Trust Fund. Resources from the Oil Spill Liability Trust Fund are used to finance oil pollution prevention and cleanup responsibilities by various Federal agencies. In accordance with the provisions of the Act, the Fund may finance annually up to $50 million of emergency resources and all valid claims from injured parties resulting from oil spills.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
TRUST FUND SHARE OF EXPENSES
Program and Financing (in thousands of dollars)

Identification code: *69-8314-0-7-304*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Program by activities:			
00.01	Operating expenses	25,000	25,000	25,000
00.02	Acquisition, construction and improvements	35,640	20,000	32,500
00.03	Research, development, test and evaluation	5,595	4,457	3,150
10.00	Total obligations (object class 25.2)	66,235	49,457	60,650
	Financing:			
40.00	Budget authority (appropriation)	66,235	49,457	60,650
	Relation of obligations to outlays:			
71.00	Total obligations	66,235	49,457	60,650
90.00	Outlays	66,235	49,457	60,650

DEPARTMENT OF TRANSPORTATION
COAST GUARD
EMERGENCY FUND

Program and Financing (in thousands of dollars)

Identification code 69-8313-0-7-304	*1993 actual*	*1994 estimate*	*1995 estimate*
Program by activities:			
10.00 Total obligations (object class 25.2).......	6,255	15,000	15,000
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance............................	-35,862	-79,607	-114,607
24.40 Unobligated balance available, end of year: Treasury balance............................	79,607	114,607	149,607
60.05 Budget authority (appropriation)...........	50,000	50,000	50,000

Relation of obligations to outlays:			
71.00 **Total obligations**	**6,255**	**15,000**	**15,000**
72.40 **Obligated balance, start of year: Treasury balance**..........................	**18,024**	**14,528**	**14,528**
74.40 **Obligated balance, end of year: Treasury balance**..........................	**-14,528**	**-14,528**	**-14,528**
90.00 **Outlays**	**9,751**	**15,000**	**15,000**

DEPARTMENT OF TRANSPORTATION
COAST GUARD
PAYMENT OF CLAIMS

Program and Financing (in thousands of dollars)

Identification code 69-8312-0-7-304	*1993 actual*	*1994 estimate*	*1995 estimate*
Program by activities:			
10.00 Total obligations (object class 42.0)...............	5,603	10,000	10,000
Financing:			
60.05 Budget authority (appropriation) (indefinite)	5,603	10,000	10,000
Relation of obligations to outlays:			
71.00 Total obligations	5,603	10,000	10,000
90.00 Outlays	5,603	10,000	10,000

DEPARTMENT OF TRANSPORTATION
COAST GUARD
POLLUTION FUND

Program and Financing (in thousands of dollars)

Identification code 69-5168-0-2-304		*1993 actual*	*1994 estimate*	*1995 estimate*
	Program by activities:			
71.00	Total obligations	...	...	...
72.40	Obligated balance, start of year: Treasury balance	30	3	...
74.40	Obligated balance, end of year: Treasury balance	−3	...	...
90.00	Outlays	27	3	...

[BOAT SAFETY]

[(AQUATIC RESOURCES TRUST FUND)]

[For payment of necessary expenses incurred for recreational boating safety assistance under Public Law 92–75, as amended, $32,250,000, to be derived from the Boat Safety Account and to remain available until expended.] *(Department of Transportation and Related Agencies Appropriations Act, 1994.)*

DEPARTMENT OF TRANSPORTATION
COAST GUARD
AQUATIC RESOURCES TRUST FUND
Unavailable Collections (in thousands of dollars)

Identification code: *20-8147-0-7-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Balance, start of year:			
01.00	Treasury balance	15,776	...	...
01.01	U.S. Securities: Par value	574,160	601,348	645,757
01.99	Total balance, start of year	589,936	601,348	645,757
	Receipts:			
02.01	Motorboat fuels tax	212,507	226,000	222,400
02.02	Excise taxes on sport fishing equipment	63,702	70,000	70,000
02.03	Import duties on tackle and yachts	24,187	22,500	22,500
02.04	Interest on investments	38,795	40,524	42,900
02.99	Total receipts	339,191	359,024	357,800
04.00	Total: Balances and collections	929,127	960,372	1,003,557
	Appropriations:			
	U.S. Coast Guard (Department of Transportation):			
05.02	Boat safety (motorboat fuels tax)	−37,250	−39,750	−7,500
05.03	Operating expenses (motorboat fuels tax)	−32,250	−32,250	...
05.04	Sport Fish Restoration	−225,106	−207,676	−226,000
05.05	Corps of Engineers	−33,173	−34,939	−35,000
05.99	Subtotal, appropriations	−327,779	−314,615	−268,500
	Balance, end of year, U.S. Securities:			
07.01	Par value	601,348	645,757	735,057

BS

The Internal Revenue Code of 1954, as amended, and the Federal Boat Safety Act of 1971 (P.L. 92-75), as amended, provide for the transfer of Highway Trust Fund revenue derived from the motor boat fuel tax and certain other taxes to the Aquatic Resources Trust Fund. The Secretary of the Treasury estimates the amounts to be so transferred. In turn, appropriations are authorized from this fund to meet expenditures for programs specified by law.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
BOAT SAFETY

Program and Financing (in thousands of dollars)

Identification code: *69–8149–0–7–403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
	Program by activities:			
00.01	State recreational boating safety programs	36,627	39,124	7,500
00.02	Operating expenses: Coast Guard	32,021	32,876	...
10.00	Total obligations	68,648	72,000	7,500
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	–4,138	–4,990	–4,990
24.40	Unobligated balance available, end of year: Treasury balance	4,990	4,990	4,990
39.00	Budget authority (gross)	69,500	72,000	7,500
	Budget Authority: (definite)			
40.00	Current Authority: Appropriation	64,500	64,500	...
60.00	Permanent Authority: Appropriation	5,000	7,500	7,500
	Relation of obligations to outlays:			
71.00	Total obligations	68,648	72,000	7,500
72.40	Obligated balance, start of year	25,206	24,636	26,940
74.40	Obligated balance, end of year	–24,636	–26,940	–10,022
90.00	Outlays	69,218	69,696	24,418

COAST GUARD -- Boat Safety Account

PROGRAM AND PERFORMANCE

This account has historically provided financial assistance for the development and implementation of a coordinated national recreational boating safety program. Boating Safety statistics reflect the success of the program's objectives. Accordingly, due to budgetary constraints, no discretionary appropriation is requested in 1995 from the funds deposited in the Boat Safety Account of the Aquatic Resources Trust Fund. Federal funding for assistance to States, administrative costs of the program, and the nonprofit grant program will be provided from the authorized transfer of $7.5 million to the Secretary of Transportation from the mandatory appropriation of the Sport Fish Restoration Account under the authority of Title V of the "Oceans Act of 1992" (P.L. 102-587).

DEPARTMENT OF TRANSPORTATION
COAST GUARD
BOAT SAFETY
Object Classification (in thousands of dollars)

Identification code: *69-8149-0-7-403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
25.2	Other services	32,021	32,876	...
41.0	Grants, subsidies, and contributions	36,627	39,124	7,500
99.9	Total obligations	68,648	72,000	7,500

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD SUPPLY FUND

Program and Financing (in thousands of dollars)

Identification code: *69-4535-0-4-403*	*1993 actual*	*1994 estimate*	*1995 estimate*
Program by activities:			
10.00 Total obligations (object class 26.0)	66,878	68,684	70,676
Financing:			
21.90 Unobligated balance available, start of year: Fund balance	–351	–376	–401
24.90 Unobligated balance available, end of year: Fund balance	376	401	427
68.00 Budget authority (gross): Spending authority from offsetting collections	66,903	68,709	70,702
Relation of obligations to outlays:			
71.00 Total obligations	66,878	68,684	70,676
72.90 Obligated balance, start of year: Fund balance	8,769	13,383	12,958
74.90 Obligated balance, end of year: Fund balance	–13,383	–12,958	–12,532
87.00 Outlays (gross)	62,264	69,109	71,102
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal funds	–63,164	–59,705	–61,268
88.40 Non–Federal sources	–3,739	–9,004	–9,434
88.90 Total, offsetting collections	–66,903	–68,709	–70,702
89.00 Budget authority (net)	....	....	....
90.00 Outlays (net)	–4,639	400	400

COAST GUARD--Coast Guard Supply Fund

PROGRAM AND PERFORMANCE

The Coast Guard supply fund, in accordance with 14 U.S.C. 650, finances the procurement of uniform clothing, commissary provisions, general stores, technical material, and fuel for vessels over 180 feet in length. The fund is normally financed by reimbursements from sale of goods.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD YARD FUND
Program and Financing (in thousands of dollars)

Identification code: *69-4743-0-4-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Program by activities:			
	Operating expenses:			
00.01	Cost of goods sold	23,726	25,179	27,803
00.02	Other	29,190	18,781	23,935
00.91	Total operating expenses	52,916	43,960	51,738
01.01	Capital investment: Purchase of equipment	1,110	1,326	1,500
10.00	Total obligations	54,026	45,286	53,238
	Financing:			
21.90	Unobligated balance available, start of year: Fund balance	−16,285	−35,421	−40,309
24.90	Unobligated balance available, end of year: Fund balance	35,421	40,309	28,553
68.00	Budget authority (gross): Spending authority from offsetting collections	73,162	50,174	41,482
	Relation of obligations to outlays:			
71.00	Total obligations	54,026	45,286	53,238
72.90	Obligated balance, start of year: Fund balance	7,089	7,859	5,712
74.90	Obligated balance, end of year: Fund balance	−7,859	−5,712	−12,468
87.00	Outlays (gross)	53,256	47,433	46,482
	Adjustments to budget authority and outlays:			
	Deductions for offsetting collections:			
88.00	Federal funds	−72,943	−50,099	−41,432
88.40	Non-Federal sources	−219	−75	−50
88.90	Total, offsetting collections	−73,162	−50,174	−41,482
89.00	Budget authority (net)	...	...	...
90.00	Outlays (net)	−19,906	−2,741	5,000

COAST GUARD--Coast Guard Yard Fund

PROGRAM AND PERFORMANCE

This fund finances the industrial operation of the Coast Guard Yard, Curtis Bay, MD (14 U.S.C.). The Yard finances its operations out of advances received from Coast Guard appropriations and other agencies for all direct and indirect costs.

ANALYSIS BY TYPE OF WORK
(Percent)

	1993 actual	1994 estimate	1995 estimate
Vessel repairs and alterations	73	80	80
Vessel construction	5	0	0
Boat repairs and construction	0	1	1
Fabrication of special and miscellaneous items	22	19	19
Total	100	100	100

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD YARD FUND
Object Classification (in thousands of dollars)

Identification code: *69-4743-0-4-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Personnel compensation:			
11.1	Full-time permanent	20,975	20,853	21,418
11.3	Other than full-time permanent	869	987	910
11.5	Other personnel compensation	3,946	3,038	3,041
11.7	Military personnel	682	812	812
11.9	Total personnel compensation	26,472	25,690	26,181
12.1	Civilian personnel benefits	5,091	5,855	5,986
12.2	Military personnel benefits	35	65	65
21.0	Travel and transportation of persons	77	111	111
22.0	Transportation of things	49	54	54
23.3	Communications, utilities, and miscellaneous charges	1,793	1,614	1,614
24.0	Printing and reproduction	15	22	22
25.2	Other services	3,165	2,829	2,829
26.0	Supplies and materials	16,216	7,717	14,873
31.0	Equipment	1,111	1,326	1,500
43.0	Interest and dividends	2	3	3
99.9	Total obligations	54,026	45,286	53,238

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD YARD FUND
Personnel Summary

Identification code: *69-4743-0-4-403*		*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Military:	Total compensable workyears:			
	Full-time equivalent employment	24	24	24
Civilian:	Total compensable workyears:			
	Full-time equivalent employment	690	632	632
	Full-time equivalent of overtime and holiday hours	81	60	60

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD GENERAL GIFT FUND

Program and Financing (in thousands of dollars)

Identification code: *69-8533-0-7-403*	*1993* *actual*	*1994* *estimate*	*1995* *estimate*
Program by activities:			
10.00 Total obligations	61	80	80
Financing:			
Unobligated balance available, start of year:			
21.40 Treasury balance	−115	−40	−39
21.41 U.S. Securities: Par value	−1,440	−1,685	−1,619
21.42 Unrealized discounts	31	33	−33
Unobligated balance available, end of year:			
24.40 Treasury balance	40	39	39
24.41 U.S. Securities: Par value	1,685	1,619	1,619
24.42 Unrealized discounts	−33	33	33
60.05 Budget authority (appropriation) (indefinite)	229	80	80
Relation of obligations to outlays:			
71.00 Total obligations	61	80	80
72.40 Obligated balance, start of year: Treasury balance	1	−1	−1
74.40 Obligated balance, end of year: Treasury balance	1	1	1
90.00 Outlays	63	80	80

COAST GUARD--Coast Guard General Gift Fund

PROGRAM AND PERFORMANCE

This trust fund, maintained from gifts and bequests, is used for purposes as specified by the donor in connection with the Coast Guard training program (10 U.S.C. 2601).

DEPARTMENT OF TRANSPORTATION
COAST GUARD
COAST GUARD GENERAL GIFT FUND
Object Classification (in thousands of dollars)

Identification code: *69-8533-0-7-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
25.2	Other services	38	62	62
26.0	Supplies and materials	23	10	10
31.0	Equipment	...	8	8
99.9	Total obligations	61	80	80

DEPARTMENT OF TRANSPORTATION
COAST GUARD
MISCELLANEOUS TRUST REVOLVING FUNDS

Program and Financing (in thousands of dollars)

Identification code: 69-9981-0-8-403		*1993 actual*	*1994 estimate*	*1995 estimate*
	Program by activities:			
00.01	Cadet activities	6,202	6,369	6,553
00.02	Surcharge collections, sales of commissary stores	159	163	168
10.00	Total obligations	6,361	6,532	6,721
	Financing:			
21.90	Unobligated balance available, start of year: Fund balance	−393	−427	−463
24.90	Unobligated balance available, end of year: Fund balance	427	463	500
68.00	Budget authority (gross): Spending authority from offsetting collections	6,395	6,568	6,758
	Relation of obligations to outlays:			
71.00	Total obligations	6,361	6,532	6,721
72.90	Obligated balance available, start of year: Fund balance	603	422	236
74.90	Obligated balance available, end of year: Fund balance	−422	−236	−44
87.00	Outlays (gross)	6,542	6,718	6,913

DEPARTMENT OF TRANSPORTATION
COAST GUARD
MISCELLANEOUS TRUST REVOLVING FUNDS
Program and Financing (in thousands of dollars), p.2

Identification code: *69-9981-0-8-403*		*1993 actual*	*1994 estimate*	*1995 estimate*
	Adjustments to budget authority and outlays: Deductions for offsetting collections:			
88.00	Federal funds	-6,202	-6,369	-6,554
88.40	Non-Federal sources	-193	-199	-204
88.90	Total, offsetting collections	-6,395	-6,568	-6,758
89.00	Budget authority (net)	...	...	...
90.00	Outlays (net)	147	150	155
	Distribution of outlays by account:			
	Cadet activities	-27	...	...
	Surcharge collections, sales of commissary stores	174	150	155

COAST GUARD--Miscellaneous Trust Revolving Funds

PROGRAM AND PERFORMANCE

The Coast Guard cadet fund is used by the Superintendent of the Coast Guard Academy to receive, plan, control, and expend funds for personal expenses and obligations of Coast Guard cadets.

The Coast Guard surcharge collections, sales of commissary stores fund is used to finance expenses incurred in connection with the operation of the Coast Guard commissary store in Kodiak, Alaska. Revenue is derived from a surcharge placed on sales (14 U.S.C. 487).

DEPARTMENT OF TRANSPORTATION
COAST GUARD
MISCELLANEOUS TRUST REVOLVING FUNDS
Object Classification (in thousands of dollars)

Identification code: 69-9981-0-8-403		*1993 actual*	*1994 estimate*	*1995 estimate*
23.3	Communications, utilities, and miscellaneous charges	...	23	24
25.2	Other services	6,228	6,342	6,525
26.0	Supplies and materials	133	137	141
31.0	Equipment	...	30	31
99.9	Total obligations	6,361	6,532	6,721

1995 SUPPLEMENTAL BUDGET DATA

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PROGRAM AND PERFORMANCE

1. Search and Rescue - The Coast Guard maintains a nationwide system of boats, aircraft, cutters, and rescue coordination centers on 24-hour alert which are capable of responding to reports of distress incidents.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Responses to search and rescue cases..1/	69,006	70,900	72,200
Sorties............1/	86,966	88,600	89,700
Time on sorties (hrs)	299,908	304,500	311,900
Lives saved..........	5,378	5,400	5,500
Persons otherwise assisted............	117,156	117,200	117,200
Property loss prevented ($000). 2/	$907,052	$709,600	$713,000
Value of property assisted ($000)..2/	$2,477,357	$2,410,900	$2,435,400

1/ A "response " is the reaction of a Coast Guard unit to an incident; there may be several responses (units reacting to) one incident. A "sortie" is the action of an individual vessel, helicopter, airplane, etc., dispatched during a response.

2/ FY 1993 figures are projected based on actual data which is 99% complete. FY 1994 and FY 1995 estimates are based on analysis of FY 1989 through FY 1993 data.

2. Aids to navigation - The Coast Guard maintains a network of floating and fixed aids to navigation along our coasts and on inland waterways to facilitate commerce and insure mariners' safe passage. Loran-C stations provide electronic coastal marine navigation, as well as enroute and non-precision approach aviation navigation information throughout the United States. Domestic Loran-C serves the needs of both civilian and military users throughout the continental U.S. and Alaska and is the federally provided radionavigation system for the U.S. Coastal Confluence Zone. Eight OMEGA stations, six of which are operated and funded to various levels by the six host partner nations, provide navigation coverage to military and civilian ships and aircraft nearly worldwide.

Radiobeacons operated in the United States provide mariners with an all-weather, low cost navigation system, used primarily for homing, along our coasts and in the Great Lakes. The Coast Guard operates Vessel Traffic Services in eight U.S. ports and plans to expand service to more ports over the next few years in implementing the recommendations of a National port needs study completed in 1991. Administrative control is also exercised over the construction, maintenance, and operation of bridges across navigable waters of the United States.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Federal floating aids1/	15,518	15,828	16,000
Federal fixed aids...	24,110	24,200	24,300
Priv. aids authorized	48,228	47,598	47,800
Total vessel traffic. service transits....	843,844	983,411	1,012,913
Bridge permits and regulations issued..2/	295	315	343
Truman-Hobbs Bridge Alterations investigations	2	2	6

Note: Federal Fixed Aids for FY 1993, FY 1994, and FY 1995 include 912 aids maintained for the Coast Guard by other Federal Agencies; e.g., the National Park Service and the Corps of Engineers, not counted in previous years.

1/ Excludes 2nd Coast Guard district river aids, which can vary widely in number because of fluctuations in river levels.

2/ These workload estimates are lower than estimated in the FY 1994 President's Budget submission, due to new methodology and rationale for predicting program workload.

3. **Marine safety** - The Coast Guard's marine safety program consists of two major activities:

a. **Marine inspection, marine licensing, and commercial vessel safety** - The Coast Guard reviews plans and specifications for the construction or alteration of merchant vessels; conducts periodic inspections; investigates casualties; and sets standards, procedures, and practices under which merchant marine personnel are licensed and regulated. In addition, the Coast Guard operates Vessel Traffic Services (VTS) in eight U.S. ports and plans to expand service to more ports over the next few years in implementing the recommendations of a National port needs study completed in 1991.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Marine inspection:			
Inspections (total)	32,371	32,736	33,100
U.S. vessels (total).........	28,605	28,907	29,208
Foreign vessels (total).........	3,766	3,829	3,892
Marine/Casualty investigations...	16,451	16,500	16,500
Marine licensing:			
Licensing transactions.....	25,500	25,500	25,500
Seamen's document transactions.....	26,000	38,700	39,700
Total Vessel Traffic Service Transits:...	843,844	983,411	1,012,913

b. **Recreational boating safety** - The Coast Guard operates a boat safety standards program and provides safe boating information and support through the Coast Guard Auxiliary, as well as the individual State boating safety programs.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Factory visits/ inspections 1/......	1,827	900	0
Defect campaigns.....	160	80	100
Persons enrolled in Auxiliary boating education courses...	345,760	355,000	365,000
Courtesy marine examinations (Auxiliary).........	258,407	280,000	300,000

1/ Factory visits are a discretionary function, which is being eliminated in as much manufacturers self certify compliance with boating safety standards.

4. Marine environmental protection - The Coast Guard's marine environmental protection program consists of two major activities:

a. Marine environmental response - Under various laws, international agreements and conventions, the Coast Guard is responsible for responding to pollution incidents involving oil and hazardous chemicals. The Coast Guard receives reports, evaluates, responds to, and mitigates potential and actual pollution discharges on waters and land areas defined as the "Coastal Zone," in the National Contingency Plan.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Reports of pollution received by the Coast Guard (total):	9,606	9,606	9,606
Oil...........(est)	9,124	9,124	9,124
Chemical...........	482	482	482
Investigations (total):	10,299	10,299	10,299
Oil.................	9,384	9,384	9,384
Chemical...........	303	303	303
Other..............	612	612	612
Federally funded cleanups supervised by the Coast Guard (total):	650	650	650
Oil.................	558	558	558
Chemical...........	92	92	92

b. Port safety - Under various laws, conventions, international agreements, and memoranda of understanding with other federal agencies, the Coast Guard is charged with promoting safety in ports, on waterways, and on the high seas. The Coast Guard is expected to provide rapid and effective response to port emergencies such as fires, explosions, and collisions. The Coast Guard Captains of the Port (COTP) have extensive law enforcement authority over waterfront facilities, vessels and the navigable waters of the United States, and have a broad role as coordinators and overseers of port safety activities of all parties involved in port complexes. In addition, the Coast Guard operates Vessel Traffic Services (VTS) in eight U.S. ports and plans to expand service to more ports over the next few years in implementing the recommendations of a National port needs study completed in 1991.

4. Marine environmental protection (Cont)

WORKOAD DATA

	1993 actual	1994 estimate	1995 estimate
Port safety:			
Transfer operations monitored.........	5,620	5,000	4,000
Waterfront facilities inspected..........	3,200	3,200	3,000
Harbor patrols......	9,800	9,500	9,500
Safety zone patrols	520	500	500
MARPOL facilities inspected..........	2,692	2,692	2,692
Contingency drills.............	450	450	450
Total Vessel Traffic Service Transits......	843,844	983,411	1,012,913

5. Enforcement of laws and treaties - The Coast Guard enforces all applicable federal laws and regulations over, on, and under the high seas and waters subject to the jurisdiction of the United States. Coast Guard law enforcement authority is provided in 14 USC 89. The Coast Guard maintains an operating force of maritime patrol cutters, aircraft and boats to prevent and detect crime, and to apprehend criminals. Coast Guard law enforcement activities generally fall into the broad categories of drug interdiction, fisheries enforcement and alien migration interdiction. Drug enforcement includes drug smuggling by air and maritime routes; fisheries enforcement involves protection of living marine resources, especially fisheries and marine mammals; and alien migration interdiction operations involve interdiction or rescue of illegal migrants at sea. Other enforcement efforts include laws relating to boating while intoxicated, vessel theft, and other unlawful activities.

(Continued on next page)

5. Enforcement of laws and treaties (Cont)

WORKLOAD DATA

	1993 actual	1994 estimate	1995 1/ estimate
Cutter operating hours:			
Drug enforcement....	61,627	56,000	51,000
Fisheries enforcement........	92,673	96,000	96,000
General law enforcement:			
o Migrant interdiction	65,101	61,000	61,000
o Other law enforcement	7,886	6,000	6,000
Total...............	227,287	219,000	214,000

	1993 actual	1994 estimate	1995 estimate
Aircraft flight hours:			
Drug enforcement....	10,336	8,000	7,200
Fisheries enforcement........	13,178	14,000	14,000
General law enforcement:			
o Migrant interdiction	18,091	15,800	15,500
o Other law enforcement	178	200	200
Total...............	41,783	38,000	36,900

	1993 actual	1994 estimate	1995 estimate
Fisheries enforcement boardings.............	8,718	9,000	9,000
Drug-related seizures:			
Seizure Cases.......	48	50	50
Tons of marijuana...	23	25	25
Pounds of cocsine...	32,751	20,000	20,000
Migrant Interdictions Operations			
Interdiction Cases..	464	450	450
Persons interdicted/ Assisted:	7,902	7,000	7,000

1/ FY 1995 data projections assume that the FY 1993 level of migrant interdiction operations will continue through FY 1995. Should international conditions improve, permitting a reduction in the number of cutters and aircraft currently committed to migrant interdiction operations, in the absence of other higher priority missions, it is likely Coast Guard drug law enforcement operations would return to FY 1992 levels, less FY 1994 mandated reductions.

6. Ice operations - Polar ice operations are performed in the Arctic and Antarctic by icebreakers in support of National Security Interests. Coast Guard polar icebreakers provide the nation with capable platforms to carry out important scientific and environmental missions, and to protect economic and security interests in the polar regions. Domestic ice operations are performed on the navigable waters of the United States in support of national and International Maritime transportation, Commerce, and Safety. Coast Guard icebreakers also provide support to other programs such as Search and Rescue, Aids to Navigation, and Enforcement of Laws and Treaties.

WORKLOAD DATA

	1993 actual	1994 estimate	1995 estimate
Polar ice operations:			
Deployment days....	349	293	345
Domestic ice operations:			
Cutter operating hours............	3,862	5,500	3,700
Aircraft reconnaissance operating hours...	212	400	150
Vessels assisted...	243	248	248
International Ice Patrol:			
Aircraft hours.....	708	500	500

7. Defense Readiness/Port Security - Readiness and Port Security are the two missions of the Defense Readiness Program.

Defense readiness - The Coast Guard operates as a service in the Navy upon declaration of war or during times of national emergency at the direction of the President. The Coast Guard also provides individual units and/or personnel to support the Department of Defense upon request as it responds to peacetime contingencies at the discretion of the Secretary of Transportation. An effective state of military preparedness is maintained during peacetime to meet these commitments through individual and unit training, joint naval training exercises, and single and multiship operations.

Port security - The Coast Guard is responsible for planning and providing response to contingencies which threaten the security of the ports and waterways of the United States. The Coast Guard Captains of the Port (COTP) have a broad role as Coordinators and overseers of port security activities of all parties involved in port complexes.

CG participation
in Desert Shield/Desert Storm:

Number of participating CG Personnel 1/	2000	
Deployment of Coast Guard equipment:		
Vessels	18	22ft raider boats operated by 3 Reserve Port Security Units
Aircraft 2/	4	

1/ Includes deployed active duty personnel and all reserve personnel called up for Desert Shield/Desert Storm support, primarily during 1991 and 1992. Coast Guard involvement in Red Sea/Persian Gulf Multi-National Maritime Interception Operations (MMIO) is still ongoing. Beginning in August 1993, the Coast Guard established two deployable Coast Guard squadron organizations designated COGARDRON 42 and COGARDRON 44 to coordinate MMIO efforts in the North Red Sea. Each squadron is staffed with six Coast Guard officers who deploy aboard a Navy flagship. With the addition of the deployed squadrons, there are now 24 Coast Guard personnel supporting Commander in Chief U.S. Navy Central Command (CINCUSNAVCENT) Bahrain.

(Continued next on next page)

7. Defense Readiness/Port Security (Cont)

2/ 2 HU-25's with air detachment and 2 C-130 logistics flights.

CG participation in U.N Yugoslavia Sanctions:	1992	1994
Number of participating CG Personnel 3/	19	10

3/ There are presently 10 Coast Guard personnel on duty overseas supporting U.N. Yugoslavia Sanctions. Nineteen (the 1992 level) represents the maximum number of personnel supporting Yugoslavia sanctions at one time.

	1993 actual	1994 estimate	1995 estimate
Port Security:			
Readiness/counter-terrorism mobilization exercises........	85	70	60
Special interest vessel boardings	70	60	38
Security zone patrols..........	140	130	130

8. Headquarters administration - This activity provides funding for administrative services at Coast Guard headquarters, including: executive direction, budget, planning and policy, command, control, communication, operations, financial management, legal, engineering, civil rights, and personnel and health services for the Coast Guard.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
MILITARY FULL-TIME EQUIVALENT ESTIMATES

Pay Grade	1993 actual	1994 estimate	1995 estimate
O-10	1	1	1
O-09	4	4	4
O-08	13	13	13
O-07	13	14	14
O-06	387	375	345
O-05	734	726	690
O-04	1,104	1,050	1,036
O-03	1,726	1,756	1,727
O-02	1,286	1,284	1,266
O-01	597	583	629
TEMAC 1/	40	32	32
SUBTOTAL	5,905	5,838	5,757
W-4	398	389	382
W-3	353	415	413
W-2	793	747	734
TEMAC	7	6	6
SUBTOTAL	1,551	1,557	1,535
E-10	1	1	1
E-09	302	546	536
E-08	564	607	599
E-07	2,846	2,732	2,694
E-06	5,762	5,768	5,687
E-05	6,135	6,375	6,286
E-04	7,683	7,286	7,184
E-03	4,119	3,946	3,891
E-02	2,939	2,732	2,694
E-01	370	303	299
TEMAC 1/	78	62	62
SUBTOTAL	30,799	30,358	29,933
PHS 2/	156	187	184
CG ACADEMY CADETS	871	958	944
OFFICER CANDIDATE SCHOOL (OCS) 3/	60	23	23
SUBTOTAL	1,087	1,168	1,151
TOTAL	39,342	38,921	38,376

1/ Temporary Active Duty.

2/ Public Health Service uniformed personnel serving with the Coast Guard.

3/ Prior to FY 1993 OCS was included in Enlisted Numbers.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
ENLISTED PERSONNEL RECRUITING DATA

FISCAL YEAR	REGULAR RECRUITS	RESERVE RECRUITS	TOTAL RECRUITS
1985	4,716	1,245	5,961
1986	4,114	1,611	5,725
1987	5,900	1,964	7,864
1988	4,505	1,309	5,814
1989	3,564	1,007	4,571
1990	3,487	992	4,479
1991	5,399	772	6,171
1992	4,441	713	5,154
1993	3,060	117	3,177
1994 EST	2,400	225	2,625
1995 EST	3,400	225	3,625

ENLISTED LOSS RATES

FISCAL YEAR	ENLISTED LOSSES	ENLISTED STRENGTH END OF - YEAR	LOSS RATE PERCENTAGE
1983	4,171	32,323	12.9
1984	5,202	31,172	16.7
1985	4,595	31,143	14.8
1986	5,061	30,163	16.8
1987	4,316	31,235	13.8
1988	4,438	30,306	14.6
1989	3,830	29,972	12.8
1990	4,113	29,136	14.1
1991	4,250	30,285	14.0
1992	3,764	30,962	12.2
1993 EST 1/	3,279	30,699	10.7
1994 EST	4,066	29,034	14.0
1995 EST	4,212	28,501	14.8

1/ Pending verification of losses with FY 1993 separations tape.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
PUBLIC QUARTERS

NUMBER OF QUARTERS END OF FISCAL YEAR:

	1993 actual	1994 estimate	1995 estimate
OWNED..............	4,878 1/	5,363 2/	5,468 2/
LEASED.............	5,900	5,600	5,500

NUMBER OF COAST GUARD PERSONNEL IN LEASED HOUSING END OF FISCAL YEAR:

	1993 actual	1994 estimate	1995 estimate
FAMILIES...........	4,701	4,700	4,630
UNACCOMPANIED......	2,225	1,825	1,766
TOTAL..............	6,926	6,525	6,396

1/ Owned housing family quarters inventory includes 208 DoD owned units occupied and maintained by the Coast Guard.

2/ All owned estimates are based on most recent acquisition projections. These projections rely on numerous factors which are dynamic. This number also includes units pending completion of construction.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD

MILITARY PERSONNEL RELOCATION DATA

FISCAL YEAR	AMOUNT ($M)	NUMBER OF TRAVEL ORDERS	AVERAGE COST PER TRAVEL ORDER ($)
1982	30.6	11,100	2,758
1983	34.5	10,002	3,448
1984	36.3	11,433	3,173
1985	33.8	10,946	3,084
1986	42.5	12,957	3,282
1987	51.2	17,333	2,956
1988	52.3	20,562	2,543
1989	51.6	18,695	2,752
1990	57.5	19,234	2,989
1991	60.6	20,461	2,962
1992	60.1	16,549	3,631
1993	62.4	15,671	3,982
1994 EST	57.3	17,461	3,282

NOTE: TRAVEL ORDER DATA INCLUDES EVENTS THAT ARE NOT PERMANENT CHANGE OF STATION REASSIGNMENTS, SUCH AS ACCESSIONS, SEPARATIONS, STUDENT DEPENDENT TRAVEL, RETURN OF REMAINS, ETC. APPROXIMATELY 2/3 OF TRAVEL ORDERS ARE ACTUAL REASSIGNMENTS. NUMBER OF TRAVEL ORDERS EXCLUDES "NO COST" ORDERS.

FY 1994 INCLUDES THOSE ENLISTED MEMBERS (2,346 ESTIMATED) BEING RELEASED FROM ACTIVE DUTY. PRIOR TO FY 1994, THESE MEMBERS WERE NOT PREVIOUSLY COUNTED.

COAST GUARD SELECTED RESERVE RECRUITING

FISCAL YEAR	NON-PRIOR SERVICE	PRIOR SERVICE	TOTAL RECRUITS
1989	650	357	1,007
1990	585	341	926
1991	542	205	747
1992	360	276	636
1993	58	36	94
1994 EST	200	0	200
1995 EST	200	0	200

Note: "Non-prior Service" recruiting also includes direct appointment petty officer accessions (ages 26-35).

COAST GUARD SELECTED RESERVE REENLISTMENT RATES 1/

CATEGORY	FY 1993	FY 1994(EST)	FY 1995(EST)
Non-prior Svc	78%	75%	75%
Prior Service	93%	90%	90%
Overall Force	91%	88%	88%

1/ "Reenlistment Rate" is the percentage of enlisted personnel ending their current term of enlistment who reenlist for an additional term.

FUNCTIONAL DISTRIBUTION OF RESERVE DRILL TRAINING

OPERATING FUNCTION	FY 93	FY 94(EST)	FY 95(EST)
Boat Operations Augmentation........	11.5%	12.0%	14.0%
Port Safety Augmentation........	17.8%	18.0%	22.0%
Readiness Exercise Augmentation........	1.1%	1.0%	1.0%
Other Augmentation Training............	23.1%	24.0%	21.0%
Reserve Unit Structured Training.	21.0%	20.0%	18.0%
Reserve Unit/Augmentation Admin. Staff Support.............	25.5%	25.0%	24.0%
TOTAL	100.0%	100.0%	100.0%

RESERVE AUGMENTATION MANHOURS

FISCAL YEAR	MANHOURS
1990	1,976,468
1991	1,826,560
1992	1,768,890
1993	1,870,292
1994 (EST)	1,525,000
1995 (EST)	1,288,000

COAST GUARD RESERVE YEAR-END STRENGTH SUMMARY

SELECTED RESERVE	TOTAL STRENGTH	OFFICERS	ENLISTED
SEPTEMBER 30, 1986	12,988	1,602	11,386
SEPTEMBER 30, 1987	13,287	1,640	11,647
SEPTEMBER 30, 1988	12,084	1,533	10,551
SEPTEMBER 30, 1989	12,042	1,598	10,444
SEPTEMBER 30, 1990	12,123	1,674	10,449
SEPTEMBER 30, 1991	11,857	1,623	10,234
SEPTEMBER 30, 1992	11,232	1,536	9,696
SEPTEMBER 30, 1993	9,341	1,318	8,023
SEPTEMBER 30, 1994 (EST)	8,000	1,184	6,816
SEPTEMBER 30, 1995 (EST)	7,000	1,036	5,964
READY RESERVE			
SEPTEMBER 30, 1986	17,696	2,345	15,351
SEPTEMBER 30, 1987	18,062	2,368	15,694
SEPTEMBER 30, 1988	17,646	2,144	15,502
SEPTEMBER 30, 1989	17,241	2,300	14,941
SEPTEMBER 30, 1990	17,232	2,236	14,996
SEPTEMBER 30, 1991	18,156	2,101	16,055
SEPTEMBER 30, 1992	18,576	2,000	16,576
SEPTEMBER 30, 1993	17,471	1,818	15,653
SEPTEMBER 30, 1994 (EST)	17,200	1,800	15,400
SEPTEMBER 30, 1995 (EST)	17,000	1,700	15,300

The Selected Reserve is composed of members who perform training duty with pay to prepare them for high-priority mobilization assignments. This group is maintained at a high level of readiness for activation at the earliest stages of a national emergency.

The Ready Reserve is composed of both Selected Reserve and Individual Ready Reserve (IRR) personnel. Members of the IRR are also mobilization resources, but their lower priority assignments do not require participation in a continual program of peacetime training.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD

STANDARD STAFFING FOR CUTTERS 1/

TYPE/CLASS	OFF/WO/ENL	TOTAL CREW
WHEC 378 (POST FRAM)	15/04/148	167
WMEC 270	11/03/86	100
WMEC 230	9/01/68	78
WMEC 213 YOCONA	9/01/73	83
WMEC 213 ACUSHNET	8/01/66	75
WMEC 213 ESCAPE	8/02/67	77
WMEC 210 POST MMA	11/01/63	75 2/
WMEC 210 PRE MMA	11/01/63	75 2/
WMEC 180	7/01/43	51
WAGB 400	11/04/127	142
WAGB 290	7/01/67	75
WPB 110	2/00/14	16
WPB 82	0/00/10 3/	10
WTGB 140	2/01/14	17
WYTL 65ABD	0/00/06	6
WYTL 65C	0/00/06	6
WLB 180 (INCONUS)	5/02/42	49
WLB 180 (OUTCONUS)	5/02/49	56
LM 157	3/02/28	33
WLM 133	0/01/23	24
WLI 100	0/01/14	15
WLI 65	0/00/09	9
WLIC 100	0/01/14	15
WLIC 75	0/00/13	13
WLIC 160	0/01/13	14
WLR SUMAC	0/00/22	22
WLR 75	0/00/18	18
WLR 65	0/00/13	13

1/ Figures do not include general detail.

2/ Total Crew reflects an average for enlisted billets due to a variance in shore side maintenance support. Actual enlisted crew sizes vary from 60 to 65.

3/ Approximately one half of the 82-foot WPBs have a crew of 1 Officer and 9 enlisted billets, the remaining 82-foot WPBs are crewed with 10 enlisted billets.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD

AIRCRAFT EMPLOYMENT HOURS

	1993 actual	1994 estimate	1995 estimate
Marine Inspection....	105	100	100
Boating Safety.......	321	100	200
Search and Rescue....	23,837	24,500	24,300
Domestic Icebreaking	439	500	500
Polar Operations.....	670	600	600
Marine Science Activities..........	861	700	600
Enforcement of Laws and Treaties (ELT):			
Fish..............	5,499	16,300	16,900
Drugs.............	12,113	9,000	8,200
Other.............	19,363	16,300	16,300
Total ELT.......	46,975	41,600	41,400
Military Operations..	436	500	500
Operational Training.	51,885	552,900	51,300
Aids to Navigation...	2,800	2,800	2,700
Radionavigation Aids.	996	600	700
Port Safety and Security............	685	700	700
Marine Environmental Response............	5,268	5,600	5,500
Test/Ferry...........	4,595	4,300	4,400
Other/Misc...........	6,141	5,600	6,000
Total...........	146,014	141,100	139,400

ASSUMPTIONS:

IN FY 1994, FIVE HU-25s WILL BE TAKEN OUT OF OPERATION FOR FIVE-SIXTHS OF THE YEAR, OR FOR AN AVERAGE OF 10 MONTHS EACH.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
AIRCRAFT OPERATING COSTS (FY95$)
Actual FY 1993

TYPE	NO. OF AIRCRAFT: (OPERATIONAL/ SUPPORT) 3/	COSTS 1/	RESOURCE HOURS	($000) COST PER HOUR
HC-130	25/5	$45.8M	22.3K	$2.1K
EC-130V 2/	1/0	$1.0M	.4K	$2.6K
HH-3F	19/4	14.2M	10.0K	1.4K
HH-60J	20/3	23.9M	17.1K	1.4K
HH-65A	80/15	66.1M	49.9K	1.3K
HU-25A	19/ 5	27.3M	15.6K	1.7K
HU-25B	5/ 2	6.8M	3.4K	2.0K
HU-25C	8/ 1	9.7M	5.1K	1.9K
VC-4A	1/ 0	0.5M	0.4K	1.4K
VC-11A	1/ 0	0.7M	0.5K	1.6K
RG-8A	2/ 0	0.2M	1.2K	0.2K
TOTALS	181/35	$196.7M	125.9K	

PROJECTED FY 1994

HC-130	25/ 5	$44.7M	21.6K	2.1K
HH-3F	5/1	2.9M	2.7K	1.2K
HH-60J	35/ 4	34.1M	22.6K	1.5K
HH-65A	80/15	65.4M	48.8K	1.3K
HU-25A	14/ 5	20.8M	11.8K	1.8K
HU-25B	5/2	7.0M	4.0K	1.8K
HU-25C	8/1	10.7M	6.1K	1.8K
VC-4A	1/0	0.8M	0.7K	1.2K
VC-11A	1/0	0.7M	0.5K	1.6K
RG-8A	2/0	0.2M	2.5K	0.1K
TOTALS	176/32	$187.7M	121.3K	

PROJECTED FY 1995

HC-130	26/5	$46.4M	22.4K	$2.1K
HH-60J	35/7	37.4M	25.1K	1.5K
HH-65A	80/15	65.4M	48.8K	1.3K
HU-25A	14/ 5	16.2M	9.2K	1.8K
HU-25B	5/2	7.0M	4.0K	1.8K
HU-25C	8/1	10.7M	6.1K	1.8K
VC-4A	1/0	0.8M	0.7K	1.2K
VC-11A	1/0	0.7M	0.5K	1.6K
RG-8A	2/0	0.2M	2.5K	0.1K
TOTALS	172/34	$185.2M	119.4K	

1/ Costs may be less than hours times rate due to variable costs.

2/ EC-130V transferred to DOD on 01 OCT 1993.

3/ HH-3F/HH-60J allowances based on months of operations. Actual number of aircraft in service will vary during year.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD

HH-60J IMPLEMENTATION PLAN 1/

UNIT	DATE		NUMBER
ATC MOBILE (PHASE 1)	SEP 90		4
ELIZABETH CITY	JUL 91		3
TRAVERSE CITY	NOV 91		3
SAN FRANCISCO	JAN 92		3
CAPE COD	MAY 92		4
SITKA	AUG 92		3
KODIAK	MAR 93		4
CLEARWATER (non-OPBAT) 2/	JUL 93		3
ATC MOBILE (PHASE 2)	DEC 93		-1
CLEARWATER (OPBAT) 2/	SEP 93		2
	DEC 93		1
	JAN 94		1
	FEB 94		1
	MAR 94		1
	APR 94		1
	MAY 94		1
	JUN 94		1
		TOTAL	35

SUPPORT AIRCRAFT

PLANNED DEPOT MAINTENANCE (PDM)		7
ATTRITION SPARES (also prototyping/training)		0
	TOTAL AIRCRAFT	42

1/ Plan based on 42 HH-60J aircraft, including 1 HH-60J from DOD.

2/ Operation Bahamas, Turks and Caicus (OPBAT) is an Interagency, Multi-nation Drug Interdiction Program.

DEPARTMENT OF TRANSPORTATION
COAST GUARD
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS
BUDGET AUTHORITY/UNOBLIGATED BALANCES

In thousands of dollars)

	NEW BUDGET AUTHORITY	OBLIGATIONS	UNOBLIGATED BALANCE
FY 1982 1/..........	684,000	449,769	317,352
FY 1983	400,000	435,491	290,861
FY 1984 2/..........	669,000	435,625	531,435
FY 1985	374,200	505,122	411,024
FY 1986 3/..........	218,806	359,862	273,206
FY 1987 4/..........	298,000	367,555	203,293
FY 1988	247,000	363,727	80,083
FY 1989 5/..........	435,800	379,587	135,407
FY 1990	444,164	415,953	172,268
FY 1991 6/..........	411,326	388,654	193,801
FY 1992 7/..........	390,000	295,252	296,562
FY 1993 8/..........	340,000	364,398	271,857
FY 1994 9/..........	307,500	352,357	227,000
FY 1995 10/..........	439,200	560,450	105,750

1/ INCLUDES $300M FROM FY82 DOD APPROPRIATIONS ACT (P.L. 97-114).

2/ INCLUDES $300M FROM FY84 DOD APPROPRIATIONS ACT (P.L. 98-212).

3/ INCLUDES $9.3M REDUCTION FOR BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (P.L. 99-177).

4/ INCLUDES $89M FROM THE OMNIBUS DRUG ACT CAPITAL FUNDING AS APPROPRIATED IN THE FY87 CONTINUING RESOLUTION (P.L. 99-591).

5/ INCLUDES $100M FROM THE ANTI-DRUG ABUSE ACT OF 1988 AND $50.3M FROM FY89 DOD MILITARY CONSTRUCTION APPROPRIATION.

6/ INCLUDES $5M FROM FY91 DOD APPROPRIATIONS ACT (P.L. 101-511).

7/ INCLUDES $33.8M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

8/ INCLUDES $35.6M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND PLUS $11.5M FROM THE HURRICANE ANDREW AND HURRICANE INIKI EMERGENCY SUPPLEMENTAL APPROPRIATION.

9/ INCLUDES $20.0M RESCINDED IN ACCORDANCE WITH THE FY94 DOT APPROPRIATIONS ACT P.L. 103-122. INCLUDES $20.0M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

10/ INCLUDES $32.5M DERIVED FROM THE OIL SPILL LIABILITY TRUST FUND.

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